

*John
Munoz*

CITY OF GOODYEAR, ARIZONA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Issued by:
Finance Department

CITY OF GOODYEAR, ARIZONA

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INTRODUCTORY SECTION

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April 26, 2004

Honorable Mayor, City Council, City Manager and Citizens of the
City of Goodyear, Arizona
190 North Litchfield Road
Goodyear, Arizona 85338

We are pleased to submit to you the 2003 Comprehensive Annual Financial Report (CAFR) of the City of Goodyear, Arizona. The Financial Services Division of the Finance Department prepared the report.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, management personnel, bond rating agencies, Nationally Recognized Municipal Securities Information Repositories, and other agencies, which have expressed interest in the City's financial matters.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the management of the City. The City has established and maintains a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to allow the compilation of sufficient reliable information for the preparation of financial statements. We believe the data, as presented in this report, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City on both a city-wide and fund basis. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity and financial stability have been included.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Proud past. Vibrant future!

Finance Department
190 North Litchfield Road P.O. Box 5100 Goodyear, Arizona 85338
623-932-3015 Fax 623-932-3003 1-800-872-1749 TDD 623-932-6500
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The basic financial statements and related notes have been audited by an independent firm of certified public accountants, Heinfeld, Meech & Co., P.C., whose report is included herein. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Goodyear, Arizona for the fiscal year ended June 30, 2003, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the City of Goodyear, Arizona for the fiscal year ended June 30, 2003, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Additionally, the City is required to have an independent audit ("Single Audit") of federal financial assistance received by the City directly from federal agencies, or passed through to the City by the State of Arizona or other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards. The results of the City's single audit for the fiscal year ended June 30, 2003 found no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations with respect to major programs. The reports from, Heinfeld, Meech & Co., P.C., are available in the City of Goodyear, Arizona separately issued Single Audit Report.

Presentation

These financial statements are prepared and presented in conformity with GASB Statement No.34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (a new reporting model). This is the first year for implementation by the City. More information about this change can be found in Management's Discussion and Analysis (MD&A) beginning on page 5 and in the notes to the financial statements (See Note 1 on page 38). This transmittal letter is designed to complement MD&A and should be read in conjunction with it.

The annual financial report is presented in three sections. The Introductory Section includes a list of principal officials, an organizational chart, and this transmittal letter which highlights significant aspects of the City and particular financial issues. The Financial Section includes the independent auditors' report, Management's Discussion and Analysis, the basic financial statements (government-wide statements and fund statements), notes to the financial statements, other required supplementary information (RSI), combining financial statements and other financial schedules. The Statistical Section includes exhibits and tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi-year basis.

THE FINANCIAL REPORTING ENTITY

The City of Goodyear, incorporated in 1946, and chartered in 1988, has a Council-Manager form of government consisting of the Mayor and six Council Members. The Mayor is elected at-large for a two-year term. Council members are elected for four-year terms. The City Council is vested with policy and legislative authority and is responsible for passing ordinances, adopting the budget, appointing committee, commission, and board members, and appointing the positions of City Manager, City Attorney, and Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the day-to-day operations of the City.

The City encompasses approximately 117 square miles in the western portion of Maricopa County, and is approximately 17 miles west of the downtown Phoenix business district. Between 1990 and 2000, the City's population increased from 6,300 to 18,911. The estimated July 2002 population is 22,820. The City's tremendous growth is attributable to excellent housing, small-town atmosphere, convenient access to the central Valley, and excellent school districts. Based on current projections, population growth trends are expected to continue. While having a positive impact, this growth will continue to present challenges to the City in providing its current high level of services.

The City provides a full range of municipal services, including police and fire protection, sanitation services, water and sewer services, construction and maintenance of streets, recreational and cultural events, public transportation, planning and zoning services, and general administrative services. Goodyear offers a wide range of community facilities including a community center, a swimming pool, and eight parks encompassing 65 acres.

This report includes financial statements on both a government-wide and fund basis for the primary government, as well as its component units. Component units are separate legal entities that are included in the reporting entity due to the significance of their financial or operational relationship with the City. Criteria used by the City for inclusion of activities in preparing its financial statements are in conformity with GASB Statement No. 14, *The Financial Reporting Entity*. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the financial reporting entity consists of the City and eight blended component units, the Goodyear Community Facilities General District No. 1, Goodyear Community Facilities Utilities District No. 1, Wildflower Ranch Community Facilities General District No. 1, Wildflower Ranch Community Facilities General District No. 2, Estrella Mountain Ranch Community Facilities District No. 1, Cottonflower Community Facilities District, Centerra Community Facilities District, and Cortina Community Facilities District.

FINANCIAL CONTROLS

Internal Controls

The management of the City of Goodyear is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City of Goodyear, like all cities in the State of Arizona, is subject to numerous budget and related legal requirements. Article IX, Section 20 (1) of the Arizona Constitution sets limits on the City's legal budget capacity. The City currently operates under the Alternative Expenditure Limitation - Home Rule Option. This option allows the City Council to establish the budgetary limits locally. The voters must authorize this option every four years. The citizens of Goodyear last authorized it in March 2001.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. Activities of the general fund, special revenue funds, debt service funds, capital project funds, and enterprise funds are included in the annual appropriated budget. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted by the City Council. The City additionally exercises management control and oversight of the budget at the department level within each fund.

LOCAL ECONOMIC CONDITION AND OUTLOOK

Goodyear continues to face many important growth issues, and its citizens and municipal government are committed to finding solutions for the future. This commitment helped make fiscal year 2002-03 another successful year and will provide for continued success in the years to come.

A continued trend of new housing starts during the year increased the size of our community, the third fastest growing city in the Phoenix-Metro area. The city permitted over 1,900 single-family-residential permits in each of the last three fiscal years. The city is expected to permit an equal number of permits in fiscal year 2003-04.

The City's retail, office, and industrial activities are expected to continue strongly including the following:

Retail & Hospitality

Palm Valley Cornerstone, with a gross leasable area of 850,000 square feet is located at the Northwest corner of I-10 and Dysart Road. Discount Tire, has now opened, and Bill Johnson's Big Apple and Chick-fil-A restaurants opened in late summer 2003. Several additional retail and hospitality facilities are under development at the center.

At Palm Valley Pavilions West, at the Northwest corner I-10 and Litchfield Road, Pier 1 Imports, and Barnes and Noble, joined the list of power tenants already opened. Macayo's Mexican Cantina and the Wildflower Bread Company are in the process of opening.

Other projects are moving forward. The Safeway at Estrella is ready for construction, and neighborhood centers by De Rito Partners, Vestar, and Allied West development companies are in the planning stages.

Office

A planned 100,000 square foot medical office building just east of the Vanguard Health Systems' West Valley Hospital & Medical Center is scheduled for opening in Spring 2004. The hospital, the southwest valley's first full-service acute-care facility, is located on McDowell Road east of Litchfield Road opened in August 2003.

SunCor Development Company has completed the second phase of its Class A office buildings, Palm Valley Office Park II (NWC of Litchfield and McDowell Roads). The building consisting of 41,000 square feet has pre-leased dental, medical, and engineering offices.

Industrial

MasTec, a national company providing end-to-end voice, video, data and energy infrastructure, relocated their operation from Phoenix to Goodyear. MasTec occupies just less than 12,000 square feet south of MC85 on Litchfield Road, employs approximately 25 people.

TIMCO Aviation Services, Inc. expanded its national operation into the Southwestern United States by acquiring the assets of Aviation Management Systems in Goodyear. TIMCO leases two on-airport hangers, consisting of 200,000 and 150,000 square feet. TIMCO is the world's largest aircraft mechanical repair and overhaul organization with seven operations and 3,000 employees in six eastern U.S. states. TIMCO will employ 300-700 people in Goodyear.

Economic Outlook

Goodyear has been sheltered from the impact of the economic slowdown, due to the continued growth of the city. The city is less than 10% built out. While some of the more built-out cities in the metropolitan area have seen dips in revenues, Goodyear's revenues continued to grow. Total City operating revenues grew approximately 7% from fiscal year 2001-02 to fiscal year 2002-03. Total operating revenues for fiscal year 2003-04 are expected to grow 17% above fiscal year 2002-03 levels. This increase is based on the continued issuance of building permits and continued growth in the City's taxable retail sales, and new utility connections.

Retail Sales. The City of Goodyear, like all Arizona cities, places a heavy reliance on City sales tax revenues. Overall, City sales tax revenues comprise approximately 32% of operating revenues. The City's sales tax rate is currently at 2%, with an additional 2% charge on lodging/restaurant/bar services. For single item purchases of tangible personal property greater than \$2,000.00 there is a 1.2% tax rate instead of 2%. Overall, City's sales tax revenues are expected to increase by 12% in fiscal year 2003-04.

State Shared Revenues. The City of Goodyear receives revenue allocations from the State. These “State Shared Revenues” include allocations of the state-collected income tax, sales tax, gas tax, motor vehicle in-lieu taxes, and state lottery proceeds. A significant portion of this revenue is placed in the City’s General Fund, where it is used to support a large portion of the City’s day to-day activities. Because the state shared revenue formulas generally allocate revenues based on official census data, Goodyear experienced a \$2 million dollar increase in these revenues in fiscal year 2002, due to the reallocation based on the 2000 census. Goodyear’s population grew from 6,300 in 1990 to 18,911 in 2000.

With the economic slowdown in the state economy and the State facing an \$800 million to \$1 billion dollar deficit, these revenues continue to be at risk for further state legislative action. In recent years the state legislature has reduced the formula distribution of state-shared revenues to cities. The City currently projects a slight decrease of 4% in these revenues for fiscal year 2004.

Property Tax. The City’s combined (secondary and primary) property tax rate is \$2.04 per \$100 of assessed valuation for fiscal year 2004. Of this, \$0.77 is for the secondary levy. The secondary levy can only be used for voter approved debt service on general obligation bonded indebtedness. The voter approved general obligation bond proceeds are used for construction of public facilities (parks, public safety, streets, etc.) The secondary assessed valuation is expected to grow 19% in fiscal year 2003-04.

The primary property tax rate is \$1.27 for 2004. The primary levy can be used for any general government purpose (such as supplies, personnel, maintenance, utilities, etc.) but is limited in size by State statute. The primary tax raised \$2.6 million in fiscal year 2003. The primary property tax revenues are expected to be \$3.0 million dollars in fiscal year 2003-04. While this amount is less than 8% of the operating revenues, it is nonetheless an important component for the stability and revenue diversity of the City’s operating revenues.

Total primary assessed property value within the City has increased by approximately 18% over fiscal year 2002-03 based on preliminary estimates (actuals are set in August of the next fiscal year) by the Maricopa County Assessor’s Office. Because of the increasing assessed value of the city, primary property tax revenues continue to grow, as the City’s primary rate has decreased slightly. Based on current development patterns, as well as expected economic conditions, property tax revenue is expected to continue to increase over the next few years.

Labor Force. Goodyear has a well-educated and available labor force. The median income level is \$57,492. This economic resource is at the forefront of our economic development efforts. The City is a member of the Greater Phoenix Economic Council (GPEC) which has been successful introducing new businesses to the City. The City maintains an economic development department “in-house” which has been very instrumental in locating retail/hospitality/office/industrial to the City.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

For The Year

During fiscal year 2003, the City continued to invest in programs and amenities that keep Goodyear a very livable community. Emphasis was placed on public safety, parks and open space, basic infrastructure projects, and support services.

The following are a few of the departments' service efforts and accomplishments of the City during fiscal year 2003:

Police

- Purchased and took delivery of a Mobile Command Vehicle (MVC) attached to Sierra Vistas bid from Farber, Inc. The MCV has been deployed to two major police incidents and one fire training. Trained personnel to operate and maintain the equipment.
- Completed construction of police administration/telecom/patrol building renovation and occupied buildings.
- Established 24/7 video security on police campus.
- Upgraded Digital Processing Unit with Video Enhancement and Stabilization Unit.
- Created and hired one additional K-9 Unit to provide seven day a week coverage.
- Occupied Station two Estrella Mountain Ranch Public Safety Facility with Patrol Staff.

Fire

- Successfully installed the new fire department records management software.
- Completed construction of Estrella Mountain Public Safety Facility.
- Began providing EMS service from Estrella Mountain Public Safety Facility.
- Created a department team to facilitate the development of a new department logo and a department motto.
- Created a new format for the department quarterly meeting to incorporate visual presentations, recognition, and fun.

Parks

- Assumed maintenance responsibility for Wildflower Ranch North Park.
- Assumed the landscape maintenance of 23 well sites, two Wastewater Treatment Plants and five miles of alleyways with existing resources and budget.
- Designed and installed a new playground facility at the Wildflower North Park.
- Successfully recruited two additional Parks Workers.
- Installed rubberized ADA compliant surfacing at Loma Linda and Palmateer Parks.
- Actively participated in design team for new Community Park.
- Improved the landscape maintenance condition throughout 100 linear miles of roadway rights-of way; 65 acres of park landscaping and facilities; and 84 acres of Bullard Wash area.

Recreation

- Held national Arbor Day celebrations at Loma Linda Park, which was attended by over 90 elementary school children.
- The first Parks Appreciation Day was held at Par de Paz.
- Successfully initiated new karate, cooking, music, preschool sport and dance classes.
- Worked jointly with MAG to conduct a Senior Walk.
- Coordinated special events including the Holly Jolly Festival; Tour D' Estrella Bike Ride; Jazz Festival; Symphony Concert; Park Appreciation Days, National Public Works Week, Mayor's Tree Lighting and Arbor Day.
- Jointly coordinated a summer sports camp with Avondale and Estrella Community College.

Streets

- I-10 and Litchfield Road intersection was reconstructed using grant funds acquired by the Streets Division.
- Construction administration of new traffic signals at 144th Avenue and Indian School Road.
- Construction administration of new, temporary traffic signal at Van Buren Street and Estrella Parkway.
- Managed the 2003 Local Streets Preservation Project, including Wildflower Ranch, Estrella Vista, Palm Valley, Historic Goodyear, Arnold Manner, and Estrella Mountain Ranch.
- Posted new truck routes and restriction as adopted by Council.
- Pursued and received reimbursement of \$ 2,180,927 in FHWA funds for the Rainbow Valley Project.

Water

- Replaced four hydro-pneumatic system air compressors with enclosures at Well Sites # 1, 8, 10 and 12.
- Replaced two 12-inch gate valves at Booster Station 12.
- Replaced the altitude valve at Booster Stations 8 and 13.
- Installed a new well pump and sand separator at Well 2.
- Installed 4,513 lineal feet of 16-inch dedicated transmission line to Booster Station 13.
- Installed 1,860 lineal feet of 8-inch dedicated water transmission main from Well 6 to Well 18.
- Installed new well pump equipment and upgraded Well site 6.

Sewer

- Removal and replacement of Wastewater Lift Stations No. 1 and No. 2 to improve the service to the customers and residents of Goodyear.
- Operation and maintenance of the entire wastewater collection system with virtually no interruption of service to the customer and residents of Goodyear.
- Implementation of the Golf Village Wastewater Lift Station No. 12.
- Training of collection system workers in state-of-the-art certification programs.
- Recruitment and hiring of one full-time certified and licensed Collection Worker I.
- Completed \$1.22 million dollar CIP project modifications to the water reclamation facility, which included increased aeration capacity, installation of a flow-paced sodium hypochlorite system, installation of new influent flow meter and improved automation for the flow equalization process.
- Installation of permanent PH meters for optimization and improvement of process control and environmental compliance.
- Installation of a permanent turbidity meter for optimization and improvement of process control and environmental compliance.
- Replaced the collector motor drive for the sedimentation basins.
- Refurbished six (6) effluent reuse pumps.

Sanitation

- Developed and presented the Regional Recycling Master Plan to City Council, representing the cities of Avondale, Litchfield Park, Tolleson and the Town of Buckeye.
- Enhanced the uncontained refuse collection methodology by purchasing a six-yard rear loader.
- Coordinated and implemented a Household Hazardous Waste Collection Day Program which included the City of Litchfield Park.
- Supplied two additional recycling containers at two of the six permanent citywide recycling drop-off sites to support recycling volume excess.
- Recycled 1,867 or 14 tons of Christmas trees. These trees were diverted to Sunfresh Farms where they were used for dust control.
- Increased citywide recycling tonnage by 32% (fiscal year 2001-02 435 tons, FY 02-03 576 tons).

Community Initiatives

- Recruited more “first-time” citizens for participation on citizen commissions, committees and academies for a total of 62 first-time participants.
- Provided a higher level of public information about city services and programs with increased volume of announcements and news articles.
- Strengthened and enforced standards of community appearance through proactive code enforcement.
- Collaborated with other cities in measures intended to protect Luke Air Force Base, successfully lobbying Arizona’s congressional delegation for federal funds to be applied towards preservation efforts.
- Explored working relationships with communities of faith and opportunities to partner with educational institutions by hosting the first Community Partnership Breakfast.

Risk Management

- Hired a Risk Aversion Manager.
- Coordinated the work of the Insurance Committee to provide recommendations to the City Council on health, life and dental insurance. Changed insurance providers from a partially self-funded One-Health Plan to a fully insured CIGNA Plan and from United Concordia to Guardian. Both moves resulted in a considerable cost savings for the City.
- Achieved more employee ownership of the plans by changing rates for dependent coverage to be a percentage of the cost of the health or dental plans.
- Coordinated implementation of new health, life, vision, and dental insurance providers.
- Implemented a full-blown Flexible Benefits Plan which saved the employees and the City funds. 41 employees took advantage of the medical out of pocket plan and six signed up for the dependent care plan.
- Offered for the first time an employee paid Vision Plan.
- Installed Safety Bulletin Boards at all locations.
- Distributed the second employee’s benefit survey prepared by the Insurance Committee.

For a complete listing of all the City departments and their accomplishments for FY 02-03, please contact the City’s Budget and Research Office for a copy of the FY 03-04 budget book.

For The Future

The City's financial and operational plans will continue to support basic government services including roads, police, fire, water, sewer, solid waste management, building safety, and parks and recreation. In addition, the Council has begun a process to assist in the identification, prioritization, and management of emerging strategic issues that, by virtue of their scope, complexity, and/or potential impact, requires a coordinated multi-departmental action plan and budget. The City Council works closely with City management to implement specific objectives and tasks designed to meet these goals.

The following major goals were identified by the City Council as important priorities for the future:

- Improve the quality level of City services to its citizens
- Reduce crime in the City
- Improve the quality and level of public safety services to citizens
- Promote City's economic development through retention, expansion and recruitment of current and future businesses
- Continue, within financial constraints, the physical development of the City

EMPLOYEE PENSION PLANS

The City maintains two employee pension plans. The general employee plan is administered through the Arizona State Retirement System. The Public Safety Pension Plan is administered by the Arizona Public Safety Personnel Retirement System. Both the employee and the employer make contributions directly to these organizations. Financial information about these plans can be found in the notes to the financial statements included in the Financial Section of this report. The City also administers a small pension fund that provides retirement income for volunteer firemen. The City no longer utilizes volunteer firemen, and only one former member currently receives payments under the plan.

CASH MANAGEMENT

The Finance Department manages the City's investment portfolio. The City's investment policy is to invest public funds with maximum security in a manner which will provide the highest return while meeting the daily cash flow demands of the City and conform to all applicable state and local statutes. The primary objectives, in priority order, are safety of principal, liquidity, and attaining a market rate of return.

The City is permitted to invest in certificates of deposit, money market mutual funds, repurchase agreements, corporate securities, and direct U.S. Treasury debt, securities guaranteed by the U.S. Government or any of its agencies and instrumentalities, and the State of Arizona's Local Government Investment Pool.

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool. The average yield on unrestricted investments was 2% for the year ended June 30, 2003. The book value of the City's unrestricted investment portfolio at June 30, 2003 was \$19,226,263. For further information on the City's investments please refer to the notes to the financial statements.

RISK MANAGEMENT

The City is exposed to various risks of loss related to public and property liability and worker's compensation. Public liability includes public officials' errors and omissions, automobile and general liability. During fiscal year 2003, the City was self-insured for the first \$250,000 of each public liability claim with an annual aggregate limit of \$1,500,000. Coverage in excess of these amounts up to \$25,000,000 was provided through the purchase of commercial insurance. During the fiscal year ended June 30, 2003 there was no significant reduction in excess insurance coverage. The Risk Management Division of the Human Resources Office administers the City's liability insurance program. Worker's compensation claims are also reviewed by the Human Resources Department and handled through the State Compensation Fund.

The City of Goodyear has an aggressive safety program that promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses.

ACKNOWLEDGMENTS

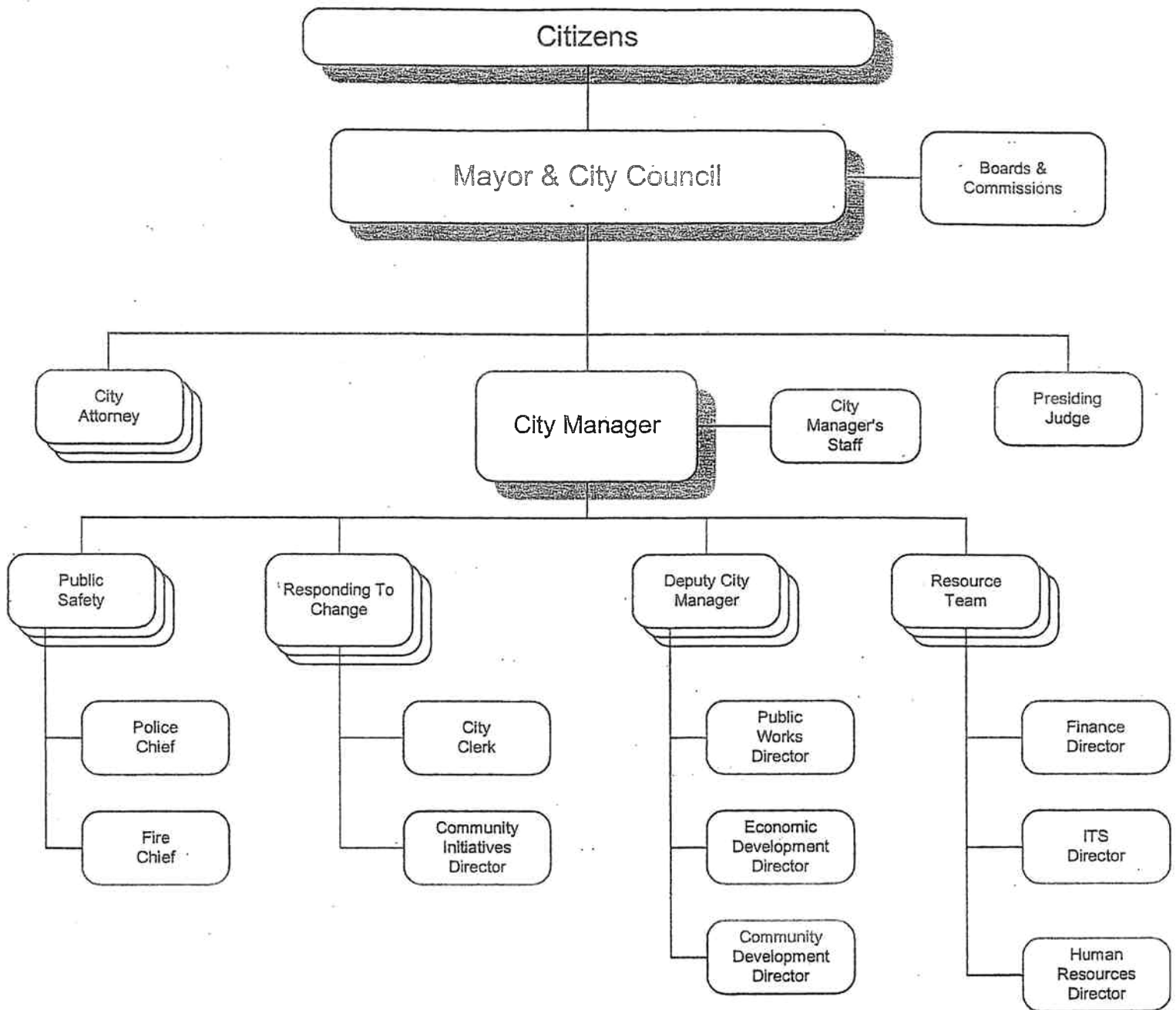
The preparation of this Annual Financial Report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department, especially the Financial Services Division. We also wish to thank the Mayor and members of the City Council, and the City Manager's Office for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Sincerely,



Larry D. Price
Finance Director

City Of Goodyear Organizational Chart



City Of Goodyear Core Business Areas

Keeping People
And Property
Safe

Building A
Sustainable
Community

Ensuring
Public
Health

Adapting
To Change

CITY OF GOODYEAR
LIST OF PRINCIPAL OFFICIALS

MAYOR

William Arnold

VICE MAYOR

Seth Kanter

COUNCIL MEMBERS

Frank Cavalier

James Cavanaugh

Sue Linney

Kenneth Porter

Richard A. Sousa

SENIOR MANAGEMENT STAFF

Stephen S. Cleveland
City Manager

Michael Simonson
Presiding Judge

James H. Oeser
City Attorney

Grant Anderson
Deputy City Manager

Dee Cockrum
City Clerk

Brian Dalke
Economic Development Director

Kay Wilkinson
Human Resources Director

Peter Nick
Police Chief

Mark Gaillard
Fire Chief

Harvey Krauss
Community Development Director

Larry D. Price
Finance Director

Jack Blonski
Information and Technology Services Director

Cato Esquivel
Public Works Director

Jerene Watson
Community Initiative Director

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FINANCIAL SECTION

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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Goodyear, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (General, Community Facilities Districts - Debt Service, Capital Improvement Projects, Community Facilities Districts - Capital Projects, Water and Sewer, and Sanitation Funds), and the aggregate remaining fund information of the City of Goodyear, Arizona (the City), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund as listed above, and the aggregate remaining fund information of the City of Goodyear, Arizona, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City adopted Governmental Accounting Standards Board Statement No. 34 "*Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*", effective July 1, 2002. In addition, as described in Note 1 to the basic financial statements, the City changed its capitalization threshold for land and improvements, buildings and improvements, and vehicles, furniture and equipment.

The management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 62 and 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2004 on our consideration of City of Goodyear, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Heinfeld, Meech & Co, P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

April 26, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003**

As management of the City of Goodyear, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - xi of this report.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2003 as follows:

- The City's total net assets of governmental activities increased \$10.0 million to \$107.9 million and business-type activities decreased \$652,872 to \$36.3 million representing 74.8% and 25.2% respectively, of the total net assets of \$144.2 million.
- General revenues from governmental activities accounted for \$26.4 million in revenue, or 55.6% of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21.1 million or 44.4% of total governmental activities revenues. The City had \$12.8 million of program revenues and \$234,651 in general revenues related to business-type activities.
- The City had \$39.8 million in expenses related to governmental activities; of which \$21.1 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$26.4 million were adequate to provide for the remaining costs of these programs. The City had \$11.4 million in expenses related to business-type activities. Program specific charges for services or grants and contributions of \$12.8 million were adequate to offset the costs.
- Among major governmental funds, the General Fund had \$28.7 million in revenues, which primarily consisted of taxes, licenses and permits, charges for services and intergovernmental revenues. The total expenditures of the General Fund were \$25.5 million. The General Fund's fund balance increased from \$11.9 million to \$12.5 million. This increase was primarily due to increased revenues from tax revenues. The Community Facilities District - Debt Service Fund had revenues of \$3.4 million, which consisted of taxes and special assessments, and expenditures of \$3.6 million. The Capital Improvement Projects Fund had revenue of \$3.0 million, which consisted mainly of miscellaneous revenues, and expenditures of \$8.9 million. The fund balance of the Capital Improvement Projects Fund increased by \$9.7 million from the prior year primarily due to unexpended bond proceeds of general obligation bonds. The Community Facilities District - Capital Projects Fund's fund balance increased from \$15.4 million to \$18.8 million. This increase was also primarily due to the unexpended bond proceeds during the year.

CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the City's activities are presented in the following categories:

- ***Governmental activities*** - Most of the City's basic services are included here, such as general government, public safety, highways and streets, public works, culture and recreation, and community development. Sales taxes, intergovernmental, and charges for services revenue finance most of these activities.
- ***Business-type activities*** - The services provided by the City included here are water, wastewater, and sanitation services. The services are financed through user fees and charges.

The government-wide financial statements can be found on pages 19 - 21 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are on pages 27 and 30, respectively.

The City maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Facilities Districts - Debt Service, Capital Improvement Projects and Community Facilities Districts - Capital Projects Funds, all of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules beginning on page 72 in this report.

The governmental fund financial statements can be found on pages 24 - 30 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses separate enterprise funds to account for its water and sewer services and its sanitation services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water and sewer fund and the sanitation fund, both of which are considered to be major funds of the City.

The proprietary fund financial statements can be found on pages 31 - 35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

The fiduciary fund financial statement can be found on pages 36 - 37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 - 60 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budget process. The City adopts an annual budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required supplementary information. The required supplementary information can be found on pages 62 - 63 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 72 - 94 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$144.2 million as of June 30, 2003.

By far the largest portion of the City's net assets (78.6 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, vehicles, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens, consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the City net assets (2.4 percent) are restricted for the specified purposes of debt service repayment.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following tables present a summary of the City's net assets for the fiscal year ended June 30, 2003.

	Governmental Activities	Business-type Activities	Total
Current assets	\$ 54,104,377	\$ 9,996,888	\$ 64,101,265
Restricted assets	22,315,357	335,500	22,650,857
Capital assets, net	113,679,776	43,832,163	157,511,939
Total assets	<u>190,099,510</u>	<u>54,164,551</u>	<u>244,264,061</u>
Current liabilities	7,481,929	2,830,805	10,312,734
Noncurrent liabilities	74,739,563	15,003,263	89,742,826
Total liabilities	<u>82,221,492</u>	<u>17,834,068</u>	<u>100,055,560</u>
Net assets			
Invested in capital assets, net of related debt	73,017,558	40,297,163	113,314,721
Restricted for debt service	3,058,777	335,500	3,394,277
Unrestricted	31,801,683	(4,302,180)	27,499,503
Total net assets	<u>\$ 107,878,018</u>	<u>\$ 36,330,483</u>	<u>\$ 144,208,501</u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The issuance of \$11.1 million in general obligation bonds.
- The issuance of \$4.9 million in community facilities districts bonds.
- The addition of \$3.4 million in business-type activities capital assets through the continued construction of system infrastructure and equipment additions.
- The addition of \$10.6 million in governmental activities capital assets.

CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The City's total revenues for the fiscal year ended June 30, 2003, were \$60.6 million. The total cost of all programs and services was \$51.3 million. The following table presents a summary of the changes in net assets for the fiscal year ended June 30, 2003.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues:			
Charges for services	\$ 11,223,001	\$ 8,004,266	\$ 19,227,267
Operating grants and contributions	397,092		397,092
Capital grants and contributions	9,475,823	4,813,617	14,289,440
General revenues:			
Sales taxes	14,610,889		14,610,889
Property taxes	5,718,332		5,718,332
Franchise taxes	781,808		781,808
State shared revenue	5,587,983		5,587,983
Investment income (loss)	(499,021)	152,306	(346,715)
Miscellaneous	233,858	82,345	316,203
Total revenues	<u>\$ 47,529,765</u>	<u>\$ 13,052,534</u>	<u>\$60,582,299</u>
Expenses			
General government	10,794,989		10,794,989
Public safety	12,198,244		12,198,244
Highways and streets	6,433,665		6,433,665
Public works	3,409,198		3,409,198
Culture and recreation	1,925,726		1,925,726
Community development	888,182		888,182
Interest on long-term debt	4,153,359		4,153,359
Water and sewer		9,535,629	9,535,629
Sanitation		1,911,839	1,911,839
Total expenses	<u>39,803,363</u>	<u>11,447,468</u>	<u>51,250,831</u>
Transfers	<u>2,257,938</u>	<u>(2,257,938)</u>	
Increase (decrease) in net assets	<u>\$ 9,984,340</u>	<u>\$ (652,872)</u>	<u>\$ 9,331,468</u>

**CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

Governmental and Business-type activities. The following table presents the cost of the nine major City functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General government	\$ 10,794,989	\$ (5,425,015)
Public safety	12,198,244	(10,481,339)
Highways and streets	6,433,665	542,158
Public Works	3,409,198	(1,213,459)
Culture and recreation	1,925,726	621,091
Community development	888,182	1,402,476
Interest on long-term debt	4,153,359	(4,153,359)
Total expenses	<u>39,803,363</u>	<u>(18,707,447)</u>
Business-Type Activities		
Water and sewer	9,535,629	1,342,445
Sanitation	1,911,839	27,970
Total expenses	<u>11,447,468</u>	<u>1,370,415</u>
Total	<u>\$ 51,250,831</u>	<u>\$ (17,337,032)</u>

- The cost of all governmental activities this year was \$39.8 million. The cost of all business-type activities this year was \$11.4 million.
- Federal, state, and county governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$33.9 million.
- The net cost of governmental activities of \$18.7 million, was financed by general revenues, which are made up of primarily sales taxes of \$14.6 million, property taxes of \$5.7 million and state shared revenues of \$5.6 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

**CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Concl'd)

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$52.1 million, an increase of \$14.2 million due primarily to unexpended general obligation community facilities district bond issuances. Total fund balance constitutes unreserved and undersigned fund balance, which is available for spending at the City's discretion.

The General Fund is the principal operating fund of the City. The increase in fund balance of \$551,267 in the General Fund to \$12.5 million as of June 30, 2003 was a result of increased revenues from tax revenues. The Community Facilities Districts - Debt Service Fund balance showed a decrease of \$231,824 to \$3.0 million as of June 30, 2003. The Capital Improvement Projects Fund showed a fund balance increase of \$9.7 million to \$13.2 million as of June 30, 2003. The increase was a result of the unexpended issuance of \$11.1 million in general obligation bonds. The Community Facilities Districts - Capital Projects Funds had a fund balance increase of \$3.4 million to \$18.8 million as of June 30, 2003 also as a result of an unexpended bond issuance during the year.

Proprietary funds. Net assets of the Enterprise Funds at the end of the year amounted to \$36.3 million. The decrease of \$652,872 in the Enterprise Funds from fiscal year 2002 was due to a \$2.3 million transfer out to the governmental funds for administrative costs associated with water, sewer, and sanitation operations. Additionally, monies were transferred to debt service to pay the principal and interest on G.O. Bonds sold for water and sewer projects.

BUDGETARY HIGHLIGHTS

The City did revise the annual operating budget during the year. The City's annual budget is the legally adopted expenditure control document of the City. The schedules filed with the Auditor General's office list the original budget adopted for the prior year, estimated expenditures through the end of the fiscal year and the adopted current year's budget. Below are explanations of the fiscal year 2002-03 General Fund budget adjustments.

- The City Attorney's fiscal year 2002-03 budget was adjusted upwards in the amount of \$14,889 to cover the estimated additional costs associated with salaries and contractual services.
- The Interim Office Building fiscal year 2002-03 budget was adjusted upwards in the amount of \$78,340 to cover the estimated additional costs associated with building water, sewer, landscaping and electrical expenses.
- The Deputy City Manager's Office fiscal year 2002-03 budget was adjusted upwards in the amount of \$137,196 to cover the estimated additional costs associated with additional personnel assigned to the department.
- Fleet Services fiscal year 2002-03 budget was adjusted upwards in the amount of \$28,056 to cover the under budgeted costs of personnel.

**CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003**

BUDGETARY HIGHLIGHTS (Concl'd)

- Police Department's fiscal year 2002-03 budgeted amount of \$258,000 was transferred to the above mentioned costs centers to cover the estimated shortfall. The Police Department's is expected to under spend its budget due to capital equipment savings.

A schedule showing the budget amounts compared to the city's actual financial activity for the general fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2003, the City had invested \$157.5 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$7.6 million.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal year ended June 30, 2003.

	Governmental Activities	Business-Type Activities	Total
Land	\$ 6,066,870	\$ 3,158,615	\$ 9,225,485
Infrastructure	110,909,636		110,909,636
Buildings and improvements	16,639,617		16,639,617
Vehicles, furniture and equipment	17,446,050	10,551,070	27,997,120
Improvements other than buildings		40,233,074	40,233,074
Construction in progress		1,870,296	1,870,296
Accumulated depreciation	(37,382,397)	(11,980,892)	(49,363,289)
Total	<u>\$113,679,776</u>	<u>\$ 43,832,163</u>	<u>\$157,511,939</u>

Additional information on the City's capital assets can be found in Note 5 on pages 47-48 of this report.

Debt Administration. At year-end, the City had \$76.7 million in governmental long-term debt outstanding with \$2.5 million due within one year. The City had \$15.4 million in business-type long-term debt outstanding, \$448,277 due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2003.

	Governmental Activities	Business-type Activities
General obligation bonds payable	\$ 22,270,000	\$
Community facilities districts bonds payable	45,088,000	
Loan payable	5,270,000	12,399,551
Revenue bonds payable	4,050,000	3,024,310
Total	<u>\$ 76,678,000</u>	<u>\$ 15,423,861</u>

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds

**CITY OF GOODYEAR, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2003**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

and recreational facilities. The current debt limitation for the City is \$40.4 million. The City has \$22.3 million outstanding general obligation debt for these purposes. State statutes also currently limit the amount of general obligation debt a city may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is \$13.3 million less direct bonded debt outstanding of \$4.0 million.

Additional information on the City's long-term debt can be found in Notes 6 - 10 on pages 48 - 54 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The unemployment rate in the metropolitan Phoenix region for June 2003 was 5.2%, which remains below both the state (5.9%) and national average (6.4%). While the regional economy remains strong, it is traditionally largely driven by construction, due to the continued population growth of the state and metropolitan area, as well as the financial services and tourism sectors. Arizona cities remain dependant on sales taxes and other economically sensitive tax revenues and are susceptible to slowdowns in the economy.

Because of the continued growth of the community, Goodyear's revenues have continued to increase. Goodyear continues to attract new retail businesses, restaurants, and employment businesses, helping to increase the City's sales tax base. The adopted fiscal year 2003-04 budget expects sales tax revenues to increase 12%, while total General Fund operating revenues are expected to increase 16%.

To ensure that the City remains financially strong, the adopted fiscal year 2003-04 budget is \$127.5 million (down 5% from 2002-03). It includes a \$37.9 million operating budget (an increase of 13.4% from 2002-03) and a \$90 million capital projects budget (down 11% from 2002-03). The fiscal year 2003-04 budget includes 25 new staff positions to support City services.

The City has continued to build cash balances over the last few years, both for financial stability and in anticipation of the capital and ongoing operational needs of a growing city. The City has established reserves within the General Fund in accordance with the City's adopted financial policies.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the City's Finance Director, City of Goodyear, 190 N. Litchfield Road, Goodyear, Arizona 85338 or by mail at P.O. Box 5100, Goodyear, Arizona 85338.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF GOODYEAR, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2003

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 21,699,903	\$ 7,654,359	\$ 29,354,262
Taxes receivable	151,377		151,377
Interest receivable	41,301	557	41,858
Accounts receivable	365,469	1,140,060	1,505,529
Prepaid items	7,122	1,754,045	1,761,167
Deferred charges		69,533	69,533
Due from governmental entities	1,459,263	11,953,895	13,413,158
Inventories	62,919	133,835	196,754
Internal balances	12,709,396	(12,709,396)	
Special assessments receivable	17,607,627		17,607,627
Total current assets	<u>54,104,377</u>	<u>9,996,888</u>	<u>64,101,265</u>
Noncurrent assets:			
Non-depreciable capital assets	6,066,870	5,028,911	11,095,781
Depreciable capital assets	107,612,906	38,803,252	146,416,158
Restricted cash and investments	22,315,357	335,500	22,650,857
Total noncurrent assets	<u>135,995,133</u>	<u>44,167,663</u>	<u>180,162,796</u>
Total assets	<u>190,099,510</u>	<u>54,164,551</u>	<u>244,264,061</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,730,912	860,707	2,591,619
Accrued payroll and employee benefits	284,258	33,724	317,982
Deposits held for others	139,729	133,572	273,301
Deferred revenue	42,307	642,025	684,332
Development fees payable	139,832		139,832
Compensated absences payable	864,878	77,475	942,353
Loan payable	375,000	445,656	820,656
Revenue bonds payable	130,000		130,000
Community Facilities Districts bonds payable	611,100		611,100
Bonds payable	1,340,000		1,340,000
Bond premium payable		2,621	2,621
Accrued interest payable	1,823,913	635,025	2,458,938
Total current liabilities	<u>7,481,929</u>	<u>2,830,805</u>	<u>10,312,734</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	74,739,563	15,003,263	89,742,826
Total non-current liabilities	<u>74,739,563</u>	<u>15,003,263</u>	<u>89,742,826</u>
Total liabilities	<u>82,221,492</u>	<u>17,834,068</u>	<u>100,055,560</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	73,017,558	40,297,163	113,314,721
Restricted for debt service	3,058,777	335,500	3,394,277
Unrestricted	31,801,683	(4,302,180)	27,499,503
Total net assets	<u>\$ 107,878,018</u>	<u>\$ 36,330,483</u>	<u>\$ 144,208,501</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General government	\$ 10,794,989	\$ 5,369,974	\$	\$	\$ (5,425,015)
Public safety	12,198,244	1,535,480	181,425		(10,481,339)
Highways and streets	6,433,665			6,975,823	542,158
Public works	3,409,198	2,195,739			(1,213,459)
Culture and recreation	1,925,726	46,817		2,500,000	621,091
Community development	888,182	2,074,991	215,667		1,402,476
Interest on long-term debt	4,153,359				(4,153,359)
Total governmental activities	39,803,363	11,223,001	397,092	9,475,823	(18,707,447)
Business-type activities:					
Water and sewer	9,535,629	6,064,457		4,813,617	
Sanitation	1,911,839	1,939,809			
Total business-type activities	11,447,468	8,004,266		4,813,617	
Total primary government	\$ 51,250,831	\$ 19,227,267	\$ 397,092	\$ 14,289,440	(18,707,447)

General revenues:

Taxes:	
Sales taxes	14,610,889
Property taxes, levied for general purposes	2,795,838
Property taxes, levied for debt service	2,922,494
Franchise taxes	781,808
State shared revenue	5,587,983
Investment income (loss)	(499,021)
Miscellaneous	233,858

Transfers	2,257,938
Total general revenues and transfers	<u>28,691,787</u>

Changes in net assets	9,984,340
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Net assets, beginning of year	<u>97,893,678</u>
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Net assets, end of year	<u>\$107,878,018</u>
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The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue
and Changes in Net Assets

<u>Business-type Activities</u>	<u>Totals</u>
\$	\$ (5,425,015)
	(10,481,339)
	542,158
	(1,213,459)
	621,091
	1,402,476
	<u>(4,153,359)</u>
	<u>(18,707,447)</u>
1,342,445	1,342,445
27,970	27,970
<u>1,370,415</u>	<u>1,370,415</u>
<u>1,370,415</u>	<u>(17,337,032)</u>
	14,610,889
	2,795,838
	2,922,494
	781,808
	5,587,983
152,306	(346,715)
82,345	316,203
<u>(2,257,938)</u>	
<u>(2,023,287)</u>	<u>26,668,500</u>
(652,872)	9,331,468
<u>36,983,355</u>	<u>134,877,033</u>
<u>\$ 36,330,483</u>	<u>\$144,208,501</u>

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FUND FINANCIAL STATEMENTS

CITY OF GOODYEAR, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2003

	General	Community Facilities Districts - Debt Service	Capital Improvement Projects
<u>ASSETS</u>			
Cash and investments	\$ 2,145,685	\$ 2,059,135	\$ 8,364,224
Taxes receivable	74,722	22,743	
Interest receivable	10,094	7,517	13,764
Accounts receivable	293,684	10,424	17,364
Prepaid items	7,122		
Due from governmental entities	1,352,108		
Due from other funds	18,517,767		8,826,590
Inventories	33,330		
Restricted cash and investments		3,682,780	
Special assessments receivable		17,607,627	
Total assets	<u><u>\$ 22,434,512</u></u>	<u><u>\$ 23,390,226</u></u>	<u><u>\$ 17,221,942</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,197,011	\$	\$ 56,644
Accrued payroll and employee benefits	271,599		
Interest payable		1,044,547	
Deposits held for others	82,402	52,327	
Due to other funds	8,341,699	1,033,947	3,914,828
Deferred revenue	85,763	17,621,250	1,479
Development fees payable			
Loan payable			
Revenue bonds payable			
Community Facilities Districts bonds payable		611,100	
Bonds payable			
Total liabilities	<u><u>9,978,474</u></u>	<u><u>20,363,171</u></u>	<u><u>3,972,951</u></u>
Fund balances:			
Reserved for inventory	33,330		
Unreserved:			
Undesignated	8,406,941	3,027,055	11,450,981
Designated for court	36,384		
Designated for police purchases	30,514		
Designated for building replacement	588,352		
Designated for computer replacement	1,396,632		
Designated for vehicle replacement	1,580,078		
Designated for equipment replacement	348,107		
Designated for community relations	35,700		
Designated for county IGA			1,798,010
Unreserved reported in:			
Special revenue funds			
Total fund balances	<u><u>12,456,038</u></u>	<u><u>3,027,055</u></u>	<u><u>13,248,991</u></u>
Total liabilities and fund balances	<u><u>\$ 22,434,512</u></u>	<u><u>\$ 23,390,226</u></u>	<u><u>\$ 17,221,942</u></u>

The notes to the financial statements are an integral part of this statement.

Community Facilities Districts - Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,705,887	\$ 7,424,972	\$ 21,699,903
	53,912	151,377
4,581	5,345	41,301
	43,997	365,469
		7,122
	107,155	1,459,263
1,033,947	2,042,333	30,420,637
	29,589	62,919
16,065,651	2,566,926	22,315,357
		17,607,627
<u>\$ 18,810,066</u>	<u>\$ 12,274,229</u>	<u>\$ 94,130,975</u>

\$ 55,655	\$ 421,602	\$ 1,730,912
	12,659	284,258
	779,366	1,823,913
	5,000	139,729
	4,420,767	17,711,241
	36,866	17,745,358
	139,832	139,832
	375,000	375,000
	130,000	130,000
		611,100
	1,340,000	1,340,000
<u>55,655</u>	<u>7,661,092</u>	<u>42,031,343</u>

	29,589	62,919
18,754,411		41,639,388
		36,384
		30,514
		588,352
		1,396,632
		1,580,078
		348,107
		35,700
		1,798,010
	4,583,548	4,583,548
<u>18,754,411</u>	<u>4,613,137</u>	<u>52,099,632</u>
<u>\$ 18,810,066</u>	<u>\$ 12,274,229</u>	<u>\$ 94,130,975</u>

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CITY OF GOODYEAR, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2003

Total governmental fund balances **\$ 52,099,632**

Amounts reported for *governmental activities* in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

Governmental capital assets	\$	151,062,173	
Less accumulated depreciation		<u>(37,382,397)</u>	113,679,776

Some revenues will not be available to pay for current-period
expenditures and, therefore, are deferred in the funds.

Property taxes receivable	\$	81,801	
Special assessments receivable		<u>17,621,250</u>	17,703,051

Long-term liabilities are not due and payable in the
current period and therefore are not reported in
the funds.

Compensated absences payable	\$	(1,382,541)	
Loan payable		(4,895,000)	
Bonds payable		<u>(69,326,900)</u>	<u>(75,604,441)</u>

Net assets of governmental activities **\$ 107,878,018**

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003

	General	Community Facilities Districts - Debt Service	Capital Improvement Projects
Revenues:			
Taxes	\$ 17,870,065	\$ 1,296,194	\$
Licenses and permits	3,845,730		
Intergovernmental	4,418,395		215,667
Charges for services	1,870,810		
Fines and forfeits	365,136		
Miscellaneous	1,294,631	393,647	2,519,126
Investment income	(919,022)	62,329	239,589
Special assessments		1,654,637	
Total revenues	<u>28,745,745</u>	<u>3,406,807</u>	<u>2,974,382</u>
Expenditures:			
Current -			
General government	9,687,493		
Public safety	10,932,010		
Highways and streets			
Public works	2,432,247		
Culture and recreation	1,621,308		
Community development	864,434		
Capital outlay			8,743,343
Debt service -			
Bond issuance costs			157,927
Principal retirement		1,181,100	
Interest and fiscal charges		2,457,531	
Total expenditures	<u>25,537,492</u>	<u>3,638,631</u>	<u>8,901,270</u>
Excess (deficiency) of revenues over expenditures	<u>3,208,253</u>	<u>(231,824)</u>	<u>(5,926,888)</u>
Other financing sources (uses):			
Proceeds from the sale of bonds			11,060,000
Refunding bonds issued			
Premium on refunding bonds			
Premium on general obligation bonds			97,927
Transfers in	1,552,055		4,476,862
Payment to refunded bond escrow agent			
Transfers out	(4,209,041)		
Total other financing sources (uses)	<u>(2,656,986)</u>		<u>15,634,789</u>
Changes in fund balances	<u>551,267</u>	<u>(231,824)</u>	<u>9,707,901</u>
Fund balances, beginning of year	11,904,771	3,258,879	3,541,090
Fund balances, end of year	<u>\$ 12,456,038</u>	<u>\$ 3,027,055</u>	<u>\$ 13,248,991</u>

The notes to the financial statements are an integral part of this statement.

Community Facilities Districts - Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$	\$	\$
	1,926,125	21,092,384
		3,845,730
	1,351,013	5,985,075
	3,934,378	5,805,188
		365,136
480,877	252,048	4,940,329
65,586	52,497	(499,021)
		1,654,637
546,463	7,516,061	43,189,458
	287,137	9,974,630
	44,310	10,976,320
	2,817,472	2,817,472
		2,432,247
		1,621,308
		864,434
2,029,620	676,448	11,449,411
94,050	41,780	293,757
	1,845,000	3,026,100
	1,443,851	3,901,382
2,123,670	7,155,998	47,357,061
(1,577,207)	360,063	(4,167,603)
4,950,000		16,010,000
	2,300,000	2,300,000
	174,435	174,435
		97,927
	2,965,286	8,994,203
	(2,432,655)	(2,432,655)
	(2,527,224)	(6,736,265)
4,950,000	479,842	18,407,645
3,372,793	839,905	14,240,042
15,381,618	3,773,232	37,859,590
\$ 18,754,411	\$ 4,613,137	\$ 52,099,632

CFD: Exp

\$3638,631

2,123,670

282,628

\$6,044,929

less CFD = \$41,312,132

less costs of issuance of \$157,927

41,780

\$199,707

= \$41,112,425

CITY OF GOODYEAR, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003

Net changes in fund balances - total governmental funds	\$	14,240,042
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Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$	10,605,662	
Less current year depreciation		<u>(6,066,367)</u>	4,539,295

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	18,645	
Special assessments		<u>4,321,662</u>	4,340,307

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities.		(16,010,000)
--	--	--------------

Repayment of long-term debt are expenditures in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Assets.

Bond principal retirement	\$	2,651,100	
Loan principal retirement		<u>375,000</u>	3,026,100

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(151,404)</u>
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Change in net assets in governmental activities	\$	<u><u>9,984,340</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2003

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 7,323,241	\$ 331,118	\$ 7,654,359
Interest receivable		557	557
Accounts receivable	887,349	252,711	1,140,060
Prepaid items	1,754,045		1,754,045
Deferred charges	69,533		69,533
Due from governmental entities	11,953,895		11,953,895
Inventories	133,835		133,835
Total current assets	<u>22,121,898</u>	<u>584,386</u>	<u>22,706,284</u>
Noncurrent assets:			
Non-depreciable capital assets	5,028,911		5,028,911
Depreciable capital assets	38,517,972	285,280	38,803,252
Restricted cash and investments	335,500		335,500
Total noncurrent assets	<u>43,882,383</u>	<u>285,280</u>	<u>44,167,663</u>
Total assets	<u>66,004,281</u>	<u>869,666</u>	<u>66,873,947</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	713,043	147,664	860,707
Accrued payroll and employee benefits	27,782	5,942	33,724
Interest payable	635,025		635,025
Deposits held for others	133,572		133,572
Due to other funds	12,336,547	372,849	12,709,396
Deferred revenue	642,025		642,025
Compensated absences payable	62,845	14,630	77,475
Loan payable	445,656		445,656
Bond premium payable	2,621		2,621
Total current liabilities	<u>14,999,116</u>	<u>541,085</u>	<u>15,540,201</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	15,003,263		15,003,263
Total non-current liabilities	<u>15,003,263</u>		<u>15,003,263</u>
Total liabilities	<u>30,002,379</u>	<u>541,085</u>	<u>30,543,464</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	40,011,883	285,280	40,297,163
Restricted for debt service	335,500		335,500
Unrestricted	(4,345,481)	43,301	(4,302,180)
Total net assets	<u>\$ 36,001,902</u>	<u>\$ 328,581</u>	<u>\$ 36,330,483</u>

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CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
Operating revenues:			
Charges for services	\$ 6,064,457	\$ 1,939,809	\$ 8,004,266
Miscellaneous	52,367	29,978	82,345
Total operating revenues	<u>6,116,824</u>	<u>1,969,787</u>	<u>8,086,611</u>
Operating expenses:			
Costs of sales and services	8,132,830	1,776,736	9,909,566
Depreciation	1,400,784	135,103	1,535,887
Total operating expenses	<u>9,533,614</u>	<u>1,911,839</u>	<u>11,445,453</u>
Operating loss	<u>(3,416,790)</u>	<u>57,948</u>	<u>(3,358,842)</u>
Nonoperating revenues (expenses):			
Investment income	145,728	6,578	152,306
Development fees	4,813,617		4,813,617
Interest expense	2,621		2,621
Bond issuance costs	(4,636)		(4,636)
Total nonoperating revenues (expenses)	<u>4,957,330</u>	<u>6,578</u>	<u>4,963,908</u>
Income before capital contributions and transfers	<u>1,540,540</u>	<u>64,526</u>	<u>1,605,066</u>
Transfers out	<u>(1,885,089)</u>	<u>(372,849)</u>	<u>(2,257,938)</u>
Changes in net assets	<u>(344,549)</u>	<u>(308,323)</u>	<u>(652,872)</u>
Total net assets, beginning of year	36,346,451	636,904	36,983,355
Total net assets, end of year	<u>\$ 36,001,902</u>	<u>\$ 328,581</u>	<u>\$ 36,330,483</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2003

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
<u>Increase In Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 6,046,459	\$ 1,908,947	\$ 7,955,406
Cash payments to suppliers for goods and services	(9,197,336)	(1,534,727)	(10,732,063)
Cash payments to employees for services	(934,380)	(223,932)	(1,158,312)
Net cash provided by (used for) operating activities	(4,085,257)	150,288	(3,934,969)
Cash flows from noncapital and related financing activities:			
Interfund borrowing	11,027,206	372,849	11,400,055
Interfund transfers	(1,179,206)	(372,849)	(1,552,055)
Net cash provided by noncapital financing activities	9,848,000	-	9,848,000
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(3,284,494)	(147,884)	(3,432,378)
Principal paid on long-term debt	(104,345)		(104,345)
Interest paid on long-term debt	(155,883)		(155,883)
Development impact fees	4,813,617		4,813,617
Net cash provided by (used for) capital and related financing activities	1,268,895	(147,884)	1,121,011
Cash flows from investing activities:			
Investment income	157,986	7,582	165,568
Net cash provided by investing activities	157,986	7,582	165,568
Net increase in cash and cash equivalents	7,189,624	9,986	7,199,610
Cash and cash equivalents, beginning of year	469,117	321,132	790,249
Cash and cash equivalents, end of year	\$ 7,658,741	\$ 331,118	\$ 7,989,859

	Enterprise Funds		
	Water & Sewer	Sanitation	Total
<u>Reconciliation of Operating Income (Loss) to</u>			
<u>Net Cash Provided by (Used for) Operating Activities</u>			
Operating income (loss)	\$ (3,416,790)	\$ 57,948	\$ (3,358,842)
Adjustments to reconcile operating income (loss)			
to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,400,784	135,103	1,535,887
Change in assets and liabilities:			
Increase in accounts receivable	(114,999)	(60,840)	(175,839)
Increase in prepaid items	(1,754,045)		(1,754,045)
Increase (Decrease) in accounts payable	(264,316)	15,285	(249,031)
Increase in accrued payroll and employee benefits	8,590	1,949	10,539
Increase in deposits held for others	60,922		60,922
Decrease in deferred revenue	(16,288)		(16,288)
Increase in compensated absences payable	10,885	843	11,728
Total adjustments	(668,467)	92,340	(576,127)
Net cash provided by (used for) operating activities	\$ (4,085,257)	\$ 150,288	\$ (3,934,969)

The notes to the financial statements are an integral part of this statement.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF FIDUCIARY FUND NET ASSETS
JUNE 30, 2003

	<u>Pension Trust</u>
<u>ASSETS</u>	
Cash and investments	\$ 302,988
Total assets	<u>302,988</u>
<u>LIABILITIES</u>	
Accounts payable	<u> </u>
Total liabilities	<u> </u>
<u>NET ASSETS</u>	
Held in trust for pension benefits	<u>\$ 302,988</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODYEAR, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Pension Trust</u>
Additions	
Contributions	
Employer	\$
Plan Member	
Total Contributions	<u> </u>
Investment Income	
Net increase (decrease) in fair value of investments	(2,486)
Interest	<u>1,878</u>
Total Investment Income	<u>(608)</u>
Total additions	<u>(608)</u>
 Deductions	
Benefits	4,369
Administrative expenses	<u>1,805</u>
Total deductions	<u>6,174</u>
 Net increase (decrease)	(6,782)
 Net assets, Beginning of year	<u>309,770</u>
 Net assets, End of year	\$ <u><u>302,988</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Goodyear, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In fiscal year 2003, the City adopted GASB Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.*" GASB Statement No. 34 requires new basic financial statements for reporting on the City's financial activities. The effect of this change was to include management's discussion and analysis and include the government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information on major funds, rather than by fund type.

The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City is a municipal entity governed by an elected Mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City, the primary government.

The financial reporting entity consists of a primary government and its component units. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units are combined with the City for financial statement presentation purposes, and are not included in any other governmental reporting entity. Consequently, the City's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Units - The Goodyear Community Facilities General District No. 1, Goodyear Community Facilities Utilities District No. 1, Wildflower Ranch Community Facilities General District No. 1, Wildflower Ranch Community Facilities General District No. 2, Estrella Mountain Ranch Community Facilities District No. 1, Cottonflower Community Facilities District, Centerra Community Facilities District, and Cortina Community Facilities District were formed for the purpose of acquiring and improving public infrastructure in specified land areas. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for District taxes and thus for the costs of operating the Districts. The City Council serves as the Board of Directors; however, the City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.

The blended component units presented have a June 30 year end and have not yet been prepared.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Deferred revenue also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

The City reports the following major governmental funds.

General Fund - This fund is the general operating fund of the City. It accounts for all financial resources of the City, except those required to be accounted for in other funds.

Community Facilities Districts - Debt Service Fund - This fund accounts for the debt portion of the City's Community Facilities Districts which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

Capital Improvement Projects Fund - This fund accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Community Facilities Districts - Capital Projects Fund - This fund accounts for the acquisition and construction portion of the City's Community Facilities Districts which are component units that provide general infrastructure and fixed assets for the property within each District's boundaries.

The City reports the following major proprietary funds.

Water and Sewer Fund - This fund accounts for the City's water and sewer utility operations.

Sanitation Fund - This fund is used to account for the activities of the City's sanitation operations.

The City reports the following fiduciary fund.

Pension Trust Fund - The Pension Trust Fund is used to account for the City's Volunteer Firefighters' Relief and Pension Fund, a defined contribution plan for which the assets are held by the City in a trustee capacity. Contributions are made by the City as well as the City's volunteer firefighters.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for water, wastewater and sanitation services. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The City's non-major funds are as follows:

Special Revenue Funds

Highway User Revenue Fund (HURF)

Community Facilities Districts

General Government Impact Fees

Fire Impact Fees

Transportation Impact Fees

Grants Fund

Communities Facilities Impact Fees

Public Works Impact Fees

Police Impact Fees

Library Impact Fees

Debt Service Fund

Debt Service Fund

Fiduciary funds are reported by fund type.

D. Investments

A.R.S. authorize the City to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

The State Board of Deposit provides oversight for the State Treasurer's pool, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Investment Income (Loss)

Investment income (loss) is composed of interest and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied by the City and collected by the Maricopa County Treasurer. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date.

Pursuant to A.R.S. a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

The State Constitution and State law specify a property tax levy limitation system. The system consists of two levies, a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary levy, which may only be used to retire bonded indebtedness.

The primary tax levy is limited to an increase of 2 percent over the previous year's maximum allowable primary levy, plus an increased dollar amount because of a net gain in property not taxed the previous year. Also, the primary property tax from all taxing jurisdictions for homeowners may not exceed 1 percent of the market value of their homes. If the combined primary property tax (for the City, County, School District, etc.) exceeds 1 percent of the market value of the homes, the school districts will reduce their rate until the homeowners' aggregate rate is equal to or less than the allowable 1 percent. The State will then subsidize the school districts for the reduced revenue. This 1 percent limitation applies to primary property taxes only and does not affect the secondary property tax levy.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

There is also a control on the assessed value of property for primary tax purposes. The base year for the new tax system is fiscal year 1978-79. From this base year, two assessed values evolve. The primary assessed values are allowed to increase by no more than 10 percent a year. The dollar amount of the secondary property tax levy is "unlimited" and the actual full cash value of property is used in determining the tax rate.

G. Inventory

Inventories are stated at average cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenses when consumed in the government-wide and proprietary financial statements and as expenditures when purchased in the governmental fund financial statements.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants.

J. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Certain capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

<u>Assets</u>	<u>Years</u>
Infrastructure	20-65
Buildings	50
Improvements other than buildings	7-50
Vehicles, machinery and equipment	3-7

K. Compensated Absences

The City's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits vest at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation and sick leave are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities for compensated absences.

L. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and proprietary fund type statement of net assets.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At June 30, 2003, the City reserved and designated fund balance for several various purposes.

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

O. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

P. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at June 30, 2003 were cash and investments held by State Treasurer.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2003, the City had expenditures in the Grants Fund, a Special Revenue Fund, that exceeded the budget, however this does not constitute a violation of any legal provisions.

NOTE 3 - CASH AND INVESTMENTS

The captions and amounts of cash and investments at year end in the City's individual major governmental funds, non-major governmental funds in the aggregate and major enterprise funds consist of the following.

	General Fund	Community Facilities Districts- Debt Service	Capital Improvement Projects	Community Facilities Districts - Capital Projects	Non-Major Governmental and Fiduciary Funds	Water and Sewer Fund	Sanitation Fund
Cash on hand	\$ 56,493	\$	\$	\$	\$	\$ 35,861	\$
Cash in bank	2,089,192	190,946		361,549	4,242,135		
Cash and investments held by State Treasurer		1,868,189	8,364,224	1,344,338	3,485,825	7,622,880	331,118
Cash with Trustee		3,682,780		16,065,651	2,566,926		
Total	<u>\$ 2,145,685</u>	<u>\$ 5,741,915</u>	<u>\$ 8,364,224</u>	<u>\$ 17,771,538</u>	<u>\$ 10,294,886</u>	<u>\$ 7,658,741</u>	<u>\$ 331,118</u>

The City's deposits (bank balance) at June 30, 2003, were entirely covered by Federal depository insurance or by collateral held by the City's custodial banks (agent) in the City's name.

At June 30, 2003, the City's investments consisted of the following:

	Fair Value
Investments not subject to categorization:	
Cash and investments held by the State Treasurer	<u>\$ 23,016,574</u>
Total	<u>\$ 23,016,574</u>

The City's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however the City's portion is not identified with specific investments and are not subject to custodial credit risk.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 4 - RECEIVABLES

Receivables, net of allowance for uncollectibles as of year end for the City's individual major governmental funds, non-major governmental funds in the aggregate, and major enterprise funds are as follows:

	General Fund	Community Facilities Districts - Debt Service Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Community Facilities Districts - Capital Projects Funds	Water and Sewer	Sanitation Fund
Special assessments receivable	\$	\$ 17,607,627	\$	\$	\$	\$	\$
Taxes receivable	74,722	22,743		53,912			
Interest receivable	10,094	7,517	13,764	5,345	4,581		557
Due from governmental entities:							
Due from Federal government	11,241						
Due from State government	1,340,867			107,155		11,953,895	
Accounts receivable	293,684	10,424	17,364	43,997		887,349	252,711
Net total receivables	<u>\$ 1,730,608</u>	<u>\$ 17,648,311</u>	<u>\$ 31,128</u>	<u>\$ 210,409</u>	<u>\$ 4,581</u>	<u>\$ 12,841,244</u>	<u>\$ 253,268</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Funds:		
Property taxes (General Fund)	\$ 50,079	\$
Miscellaneous (General Fund)		35,684
Miscellaneous (Capital Improvement Projects Fund)		1,479
Miscellaneous (Non-Major Governmental Fund)		5,144
Property taxes (Non-Major Governmental Fund)	31,722	
Special assessments (Community Facilities Districts - Debt Service Fund)	17,621,250	
Total deferred revenue for governmental funds	<u>\$ 17,703,051</u>	<u>\$ 42,307</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 5 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2003 follows.

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,322,848	\$ 3,744,022	\$	\$ 6,066,870
Total capital assets, not being depreciated	2,322,848	3,744,022		6,066,870
Capital assets, being depreciated:				
Infrastructure	107,743,834	3,165,802		110,909,636
Buildings and improvements	15,088,422	1,551,195		16,639,617
Vehicles, furniture and equipment	15,301,407	2,144,643		17,446,050
Total capital assets being depreciated	138,133,663	6,861,640		144,995,303
Less accumulated depreciation for:				
Infrastructure	19,646,010	3,374,554		23,020,564
Buildings and improvements	1,369,865	270,077		1,639,942
Vehicles, furniture and equipment	10,300,155	2,421,736		12,721,891
Total accumulated depreciation	31,316,030	6,066,367		37,382,397
Total capital assets, being depreciated, net	106,817,633	795,273		107,612,906
Governmental activities capital assets, net	<u>\$ 109,140,481</u>	<u>\$ 4,539,295</u>	<u>\$</u>	<u>\$ 113,679,776</u>
Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,265,441	\$ 1,893,174	\$	\$ 3,158,615
Construction in progress	3,847,667	697,702	2,675,073	1,870,296
Total	5,113,108	2,590,876	2,675,073	5,028,911
Capital assets, being depreciated:				
Improvements other than buildings	36,989,422	3,243,652		40,233,074
Vehicles, machinery and equipment	10,278,147	272,923		10,551,070
Total	47,267,569	3,516,575		50,784,144
Less accumulated depreciation for:				
Improvements other than buildings	5,421,057	609,504		6,030,561
Vehicles, machinery and equipment	5,023,948	926,383		5,950,331
Total accumulated depreciation	10,445,005	1,535,887		11,980,892
Total capital assets, being depreciated, net	36,822,564	1,980,688		38,803,252
Business-type activities capital assets, net	<u>\$ 41,935,672</u>	<u>\$ 4,571,564</u>	<u>\$ 2,675,073</u>	<u>\$ 43,832,163</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 5 - CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 732,335
Public safety	970,689
Highways and streets	3,374,555
Culture and recreation	30,447
Public works	958,341
Total depreciation expense	<u>\$ 6,066,367</u>
Business-type activities:	
Water and wastewater	1,400,784
Sanitation	135,103
Total depreciation expense	<u>\$ 1,535,887</u>

Construction Commitments - As of June 30, 2003, the City was involved in the construction of a wastewater treatment plant. The estimated cost to complete the construction project is \$39,500,000.

NOTE 6 - LOAN PAYABLE

The City received a loan from the Greater Arizona Development Authority for fire facilities and street and highway improvements. In addition, the City received two loans from the Water Infrastructure Finance Authority. The first loan will be used to acquire the rights and make improvements to the existing capacity in the wastewater treatment plant owned by LPSCO (Litchfield Park Service Company). The second loan will be used to finance the planning and design of a pilot recharge project and to construct a well and distribution line. The loans payable at June 30, 2003, are as follows:

Description	Interest Rate (Including Fees)	Maturity	Outstanding Principal June 30, 2003	Due Within One Year
Governmental activities:				
Greater Arizona Development Authority Loan	4.1-5.75%	7/1/03-13	\$ 5,270,000	\$ 375,000
Total Governmental activities:			<u>5,270,000</u>	<u>375,000</u>
Business-type activities:				
Water Infrastructure Finance Authority Loan	4.056%	7/1/03-21	8,122,884	291,947
Water Infrastructure Finance Authority Loan	4.056%	7/1/03-21	4,276,667	153,709
Total Business-type activities			<u>12,399,551</u>	<u>445,656</u>
Total			<u>\$ 17,669,551</u>	<u>\$ 820,656</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 6 - LOAN PAYABLE (Concl'd)

Annual debt service requirements to maturity on the governmental loan payable at June 30, 2003 are summarized as follows:

Fiscal year ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 375,000	\$ 233,061	\$ 445,656	\$ 493,888
2005	395,000	210,924	463,731	475,446
2006	415,000	188,155	482,540	456,255
2007	440,000	167,722	502,112	436,286
2008	460,000	149,272	522,477	415,508
2009-13	2,595,000	431,971	2,947,985	1,735,135
2014-18	590,000	13,645	3,596,340	1,073,631
2019-22			3,438,710	285,877
Total	<u>\$ 5,270,000</u>	<u>\$ 1,394,750</u>	<u>\$ 12,399,551</u>	<u>\$ 5,372,026</u>

NOTE 7 - BONDS PAYABLE

Bonds payable at June 30, 2003, consisted of the outstanding general obligation and refunding bonds presented below. The bonds are generally callable with interest payable semiannually. Of the total amounts originally authorized, \$160,825,449 remains unissued. The bonds payable at June 30, 2003 are presented below.

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2003	Due Within One Year
Governmental activities:				
General Obligation Bonds Series 1991	6.25%	7/1/03	\$ 600,000	\$ 600,000
General Obligation Bonds Series 1991B	6.6-7.75%	7/1/03-04	800,000	100,000
General Obligation Bonds Project of 1988, Series 1992	7.4-8.0%	7/1/04-06	300,000	
General Obligation Bonds Series 1998	4.0-6.0%	7/1/03-13	7,210,000	440,000
Refunding Bonds Series 2002	3.25-5.25%	7/1/05-08	2,300,000	
General Obligation Bonds Series 2002	3.65-4.25%	7/1/03-17	11,060,000	200,000
Total			<u>\$ 22,270,000</u>	<u>\$ 1,340,000</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 7 - BONDS PAYABLE (Concl'd)

Annual debt service requirements to maturity on governmental bonds payable at June 30, 2003 are summarized as follows:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2004	\$ 1,340,000	\$ 965,349	\$ 2,305,349
2005	1,335,000	885,509	2,220,509
2006	1,390,000	811,318	2,201,318
2007	1,725,000	734,524	2,459,524
2008	1,940,000	648,840	2,588,840
2009-13	8,675,000	2,121,819	10,796,819
2014-17	5,865,000	547,229	6,412,229
Total	<u>\$ 22,270,000</u>	<u>\$ 6,714,588</u>	<u>\$ 28,984,588</u>

During the year ended June 30, 2003, the City issued \$2,300,000 in refunding bonds, with an effective interest rate of 4.75 percent, to advance refund \$2,300,000 of outstanding general obligation bonds, with an average interest rate of 6.125 percent. The net proceeds of \$2,432,655, which includes \$174,435 of bond premium, (after payment of \$41,780 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for all future debt service payments of the refunded general obligation bonds. As a result, the refunded general obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 6 years by \$194,687 and resulted in an economic gain of \$46,064.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 8 - REVENUE BONDS PAYABLE

Revenue bonds payable at June 30, 2003 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually. The revenue bonds payable at June 30, 2003 are presented below.

Governmental activities:

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2003	Due Within One Year
Public Improvement Corporation, Municipal Facilities Revenue Bonds, Series 2002	4.0-6.0%	7/1/03-21	\$ 4,050,000	\$ 130,000
Total			<u>\$ 4,050,000</u>	<u>\$ 130,000</u>

Business-type activities:

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2003	Due Within One Year
Revenue Bonds, Series 1999	4.47-6.73%	7/1/04-18	\$ 2,985,000	\$
Total			<u>\$ 2,985,000</u>	<u>\$</u>

Revenue bond debt service requirements to maturity are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2004	\$ 130,000	\$ 190,685	\$	\$
2005	135,000	182,735	140,000	60,000
2006	145,000	174,335	135,000	65,000
2007	155,000	165,335	130,000	70,000
2008	165,000	155,735	120,000	80,000
2009-13	945,000	645,743	1,230,000	870,000
2014-18	1,185,000	416,393	1,070,000	1,255,000
2019-22	1,190,000	113,544	160,000	240,000
Total	<u>\$ 4,050,000</u>	<u>\$ 2,044,505</u>	<u>\$ 2,985,000</u>	<u>\$ 2,640,000</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 9 - COMMUNITY FACILITIES DISTRICTS BONDS PAYABLE

Community facilities districts bonds payable at June 30, 2003 consisted of the outstanding general obligation and special assessment bonds presented below. The bonds are generally callable with interest payable semiannually. The community facilities districts bonds payable at June 30, 2003, are presented below.

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Outstanding Principal June 30, 2003</u>	<u>Due Within One Year</u>
General District No. 1 General Obligation Bonds, Series 1994	7.5%	7/15/03-09	\$ 145,000	\$ 15,000
General District No. 1 General Obligation Bonds, Series 1996 (A)	6.5-7.0%	7/15/10-21	500,000	-0-
General District No. 1 General Obligation Bonds, Series 1998	4.55-5.25%	7/15/03-23	2,150,000	60,000
General District No. 1 General Obligation Bonds, Series 2000	4.6-5.3%	7/15/06-25	5,725,000	-0-
General District No. 1 District Assessment Bonds, Series 1996 (C)	6.75-7.25%	7/1/05-15	4,866,000	-0-
General District No. 1 District Assessment Bonds, Series 1994	7.5%	7/1/03-06	336,000	105,000
Utilities District No. 1 General Obligation Bonds, Series 1996 (B)	6.4-7.0%	7/15/03-21	1,430,000	40,000
Utilities District No. 1 General Obligation Bonds, Series 1998	4.55-5.25%	7/15/03-23	6,975,000	190,000
Utilities District No. 1 General Obligation Bonds, Series 2000	4.7-5.2%	7/15/06-25	7,075,000	-0-
Wildflower Ranch General District No. 1 General Obligation Bonds, Series 1997	5.875-6.5%	7/15/03-22	605,000	15,000
Wildflower Ranch General District No. 1 General Obligation Bonds, Series 1998	5.2-5.75%	7/15/03-23	705,000	20,000

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 9 - COMMUNITY FACILITIES DISTRICT BONDS PAYABLE (Concl'd)

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2003	Due Within One Year
Wildflower Ranch General District No. 2 General Obligation Bonds, Series 2000	6.0-7.0%	7/15/03-25	705,000	15,000
Wildflower Ranch General District No. 2 General Obligation Bonds, Series 2001	4.5-5.9%	7/15/03-26	770,000	15,000
Estrella Mountain Ranch General Obligation Bonds, Series 2001	8.0%	7/15/03-25	186,000	3,100
Estrella Mountain Ranch District Assessment Bonds, Series 2001 (A)	7.875%	7/1/03-25	7,965,000	133,000
Estrella Mountain Ranch District Assessment Bonds, Series 2002	7.375%	7/1/05-27	4,950,000	-0-
Total			<u>\$ 45,088,000</u>	<u>\$ 611,100</u>

Community Facility Districts bonds debt service requirements to maturity, are as follows:

	Principal	Interest	Total
Year ending June 30:			
2004	\$ 611,100	\$ 2,807,163	\$ 3,418,263
2005	642,300	2,736,778	3,379,078
2006	973,600	2,684,297	3,657,897
2007	1,246,800	2,614,164	3,860,964
2008	1,154,200	2,541,129	3,695,329
2009-13	9,323,200	11,130,193	20,453,393
2014-18	10,134,700	7,943,117	18,077,817
2019-23	11,546,900	4,791,676	16,338,576
2024-28	9,455,200	1,057,704	10,512,904
Total	<u>\$ 45,088,000</u>	<u>\$ 38,306,221</u>	<u>\$ 83,394,221</u>

Legal Debt Limit - General obligation bonded indebtedness for the Districts cannot exceed 60 percent of the market value of the property in the Districts after the infrastructure is completed plus the value of the infrastructure improvements made.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 1,231,137	\$ 1,106,521	\$ 955,117	\$ 1,382,541	\$ 864,878
General obligation bonds payable	12,270,000	13,360,000	3,360,000	22,270,000	1,340,000
Loans payable	5,620,000		350,000	5,270,000	375,000
Community Facilities Districts bonds payable	41,033,800	4,950,000	895,800	45,088,000	611,100
Revenue bonds payable	4,265,000		215,000	4,050,000	130,000
Governmental activities long-term liabilities	<u>\$ 64,419,937</u>	<u>\$ 19,416,521</u>	<u>\$ 5,775,917</u>	<u>\$ 78,060,541</u>	<u>\$ 3,320,978</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Loan payable	\$ -0-	\$ 12,399,551	\$	\$ 12,399,551	\$ 445,656
Revenue bonds payable	3,026,931		2,621	3,024,310	2,621
Compensated absences	93,426	87,156	75,428	105,154	77,475
Business-type activities long-term liabilities	<u>\$ 3,120,357</u>	<u>\$ 12,486,707</u>	<u>\$ 78,049</u>	<u>\$ 15,529,015</u>	<u>\$ 525,752</u>

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 11 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2003, interfund balances were as follows:

Due to/from other funds:

			Due From		Total
	General Fund	Capital Improvement Projects Fund	Community Facilities Districts - Capital Projects	Non-Major Governmental Funds	
General Fund	\$	\$ 6,299,366	\$	\$ 2,042,333	\$ 8,341,699
Community Facilities Districts - Debt Service			1,033,947		1,033,947
Capital Improvement Projects	3,914,828				3,914,828
Non-Major Governmental Funds	1,893,543	2,527,224			4,420,767
Water and Sewer Fund	12,336,547				12,336,547
Sanitation Fund	372,849				372,849
Total	<u>\$ 18,517,767</u>	<u>\$ 8,826,590</u>	<u>\$ 1,033,947</u>	<u>\$ 2,042,333</u>	<u>\$ 30,420,637</u>

Negative cash balances with the State Treasurer's local Government Investment Pool in the General Fund were reduced by interfund borrowing with the Capital Improvement Projects Fund. In addition, negative cash balances with the operating account in the Capital Improvement Projects Fund, Water and Sewer Fund, and the Highway Users and Debt Service Funds, both non-major governmental funds, were reduced by interfund borrowing with the General Fund. All other interfund borrowing resulted from the borrowing of funds to cover deficit cash in prior years and transfers made after the current fiscal year-end to eliminate deficit fund balances in several funds and report operating transfers for the fiscal year. All interfund balances are expected to be paid within one year.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 11 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)

Interfund transfers:

	Transfer In			Total
	General Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	
Transfer Out				
General Fund	\$	\$ 1,949,638	\$ 2,259,403	\$ 4,209,041
Non-Major				
Governmental Fund		2,527,224		2,527,224
Sanitation Fund	372,849			372,849
Water and Sewer Fund	1,179,206		705,883	1,885,089
Total	<u>\$ 1,552,055</u>	<u>\$ 4,476,862</u>	<u>\$ 2,965,286</u>	<u>\$ 8,994,203</u>

Interfund transfers were made by the City during the fiscal year to ensure that sufficient resources were available to cover expenditures in the applicable funds.

The General Fund transferred monies into the Capital Improvements Projects Fund to finance many capital projects and related expenditures not funded by bond funds such as Bullard Road, Litchfield Road, and to reserve funds for an interchange. Monies were transferred from the Sanitation and Water and Sewer funds to the General Fund to cover administrative costs associated with administering enterprise operations. Additionally, monies were transferred to the Debt Service Fund to pay general governmental debt. The General Fund transferred funds to the HURF Fund to alleviate a cash shortage. Additionally, funds were transferred from the General Fund to the Debt Service Fund to make GADA and PIC loan payments.

NOTE 12 - CONTINGENT LIABILITIES

Federal and State grants and loans - The City has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2003, however, the City expects no material disallowance of expenditures.

Lawsuits - The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 13 - RISK MANAGEMENT

The City of Goodyear, Arizona is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The City is insured by Arizona State Workers' Compensation Insurance Fund for potential worker-related accidents.

NOTE 14 - RETIREMENT PLANS

Plan Descriptions - The City contributes to the two plans as described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS

3300 North Central Avenue
P.O. Box 33910
Phoenix, Arizona 85067-3910
(602) 240-2200 or (800) 621-3778

PSPRS

1020 East. Missouri
Phoenix, Arizona 85014
(602) 255-5575

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 14 - RETIREMENT PLANS (Cont'd)

Funding policy - The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates.

Cost-sharing plan - For the year ended June 30, 2003, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2003, 2002, and 2001 were \$211,962, \$182,690, and \$152,528, respectively, which were equal to the required contributions for the year.

Agent plan - For the year ended June 30, 2003, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 8.89% and 7.23% of the covered payroll to the Plan for Police and Fire Fighters, respectively.

Annual Pension Cost - The City's pension cost for the agent plan for the year ended June 30, 2003, and related information follows.

	<u>PSPRS</u>
Contribution rates:	
City	7.23%
Plan members	7.65%
Annual pension cost	\$234,027
Contributions made	\$234,027
Actuarial valuation date	June 30, 2003
Actuarial cost method	Individual Entry Age
Actuarial assumptions:	
Investment rate of return	9%
Projected salary increases	6.5-9.5%
Includes inflation at	5.5%
Amortization method	Level Percent Open
Remaining amortization	20 Years
Asset valuation method	Smoothed Market Value

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 14 - RETIREMENT PLANS (Concl'd)

Trend Information - Information for the agent plan as of most recent actuarial valuations follows.

Goodyear Police Plan:

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2001	\$ 241,193	100.0%	\$ 0
2002	278,861	100.0%	0
2003	237,104	100.0%	0

Goodyear Fire Plan:

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2001	\$ 182,299	100.0%	\$ 0
2002	218,793	100.0%	0
2003	234,027	100.0%	0

Funding Progress - An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 2003 follows:

Goodyear Police Plan:

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funding Liability (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded AAL as a Percent of Covered Payroll ([a-b]/c)</u>
2001	\$ 3,547,423	\$ 3,308,730	\$ 238,693	107.2%	\$ 1,881,760	0%
2002	4,223,705	3,895,803	327,902	108.4%	2,470,604	0%
2003	4,937,802	4,925,456	12,346	100.3%	2,708,779	0%

Goodyear Fire Plan:

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Funding Liability (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)</u>
2001	\$ 1,696,385	\$ 1,331,280	\$ 365,105	127.4%	\$ 1,620,353	0%
2002	2,317,792	1,676,967	640,825	138.2%	2,110,215	0%
2003	3,065,496	2,520,831	544,665	121.6%	2,666,015	0%

CITY OF GOODYEAR, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 15 - FUND BALANCE/NET ASSETS RESERVATIONS AND DESIGNATIONS

Only restrictions imposed by external sources are shown as Restricted Net Assets on the government-wide financial statements. Additionally, a reserve for inventory is shown on the governmental fund financial statements. Reservations or designations of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are shown in aggregate on the governmental fund financial statements, but not on the proprietary fund financial statements. The City does, however, reserve or designate portions of net assets in other funds to demonstrate the government's intended use of those net assets. Reservations are created by legislative action of the City Council while designations are created by administrative policy. The following are the reservations or designations of fund balance/net assets included in unreserved fund balance/net assets at June 30, 2003:

General Fund:	
Designated for court	\$ 36,384
Designated for police purchases	30,514
Designated for building replacement	588,352
Designated for computer replacement	1,396,632
Designated for vehicle replacement	1,580,078
Designated for equipment replacement	348,107
Designated for community relations	35,700
Capital Improvement Projects Fund:	
Designated for county IGA	1,798,010

NOTE 16 - PRIOR PERIOD ADJUSTMENT

The July 1, 2002, fund balance of the Community Facilities Districts - Debt Service Fund does not agree to the prior year financial statements due to the correction of error for debt service expenditures recorded in the wrong year.

	<u>Governmental Fund</u> <u>Community Facilities</u> <u>Districts - Debt Service</u> <u>Fund</u>
Fund balance, June 30, 2002, as previously reported	\$ 4,096,549
Correction of error	<u>(837,670)</u>
Fund balance, July 1, 2002, as restated	<u>\$ 3,258,879</u>

**BUDGETARY COMPARISON SCHEDULES
(REQUIRED SUPPLEMENTARY INFORMATION)**

CITY OF GOODYEAR, ARIZONA
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
YEAR ENDED JUNE 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 16,702,235	\$ 16,702,235	\$ 17,870,065	\$ 1,167,830
Licenses and permits	2,573,152	2,573,152	3,845,730	\$ 1,272,578
Intergovernmental	3,989,432	3,989,432	4,418,395	\$ 428,963
Charges for services	1,556,028	1,556,028	1,870,810	\$ 314,782
Fines and forfeits	475,221	475,221	365,136	\$ (110,085)
Miscellaneous	1,317,882	1,317,882	1,294,631	\$ (23,251)
Investment income	150,000	150,000	(919,022)	\$ (1,069,022)
Total revenues	<u>26,763,950</u>	<u>26,763,950</u>	<u>28,745,745</u>	<u>1,981,795</u>
Expenditures:				
General government				
Mayor and council	338,681	338,681	190,014	148,667
Community service support	364,172	364,172	189,763	174,409
City court	547,222	547,222	564,498	(17,276)
Special events	147,031	147,031	125,285	21,746
City attorney	221,738	236,627	247,406	(10,779)
City prosecutor	184,045	184,045	170,191	13,854
Contingency	4,380,433	4,380,433	289,613	4,090,820
City manager	535,669	535,669	488,170	47,499
City clerk	477,472	477,472	438,932	38,540
Economic development	1,327,287	1,327,287	855,615	471,672
Community initiatives	481,147	481,147	479,498	1,649
Community facilities districts			36	(36)
CFD contractual expense	84,768	84,768	3,302	81,466
Administrative services and human resources	1,051,006	1,266,542	1,071,302	195,240
Engineering	1,084,700	1,084,700	1,064,118	20,582
Information systems and GIS services	2,234,215	2,234,215	1,907,004	327,211
Risk managements	509,457	509,457	454,244	55,213
Finance	1,185,717	1,185,717	1,148,502	37,215
Total general government	<u>15,154,760</u>	<u>15,385,185</u>	<u>9,687,493</u>	<u>5,697,692</u>
Community development				
Planning and zoning	887,124	887,124	864,434	22,690
Public safety				
Police	5,368,570	5,110,089	5,277,726	(167,637)
Fire and fire community services	4,709,010	4,727,361	4,353,133	374,228
Emergency services	582,012	563,661	526,112	37,549
City telecommunications	1,755,414	1,755,414	775,039	980,375
Total public safety	<u>12,415,006</u>	<u>12,156,525</u>	<u>10,932,010</u>	<u>1,224,515</u>
Public works				
Administration	935,830	935,830	728,623	207,207
Fleet services	410,014	438,070	498,083	(60,013)
Buildings and grounds	1,337,772	1,337,772	1,205,541	132,231
Total public works	<u>2,683,616</u>	<u>2,711,672</u>	<u>2,432,247</u>	<u>279,425</u>
Culture and recreation				
Aquatics facility	400,716	400,716	295,495	105,221
Parks and recreation	1,504,320	1,504,320	1,325,813	178,507
Total culture and recreation	<u>1,905,036</u>	<u>1,905,036</u>	<u>1,621,308</u>	<u>283,728</u>
Total expenditures	<u>33,045,542</u>	<u>33,045,542</u>	<u>25,537,492</u>	<u>7,508,050</u>
Excess (deficiency) of revenues over expenditures	<u>(6,281,592)</u>	<u>(6,281,592)</u>	<u>3,208,253</u>	<u>9,489,845</u>
Other financing sources (uses):				
Transfers in			1,552,055	1,552,055
Transfers out			(4,209,041)	(4,209,041)
Total other financing sources (uses)			<u>(2,656,986)</u>	<u>(2,656,986)</u>
Change in fund balances	<u>(6,281,592)</u>	<u>(6,281,592)</u>	<u>551,267</u>	<u>6,832,859</u>
Fund balances, July 1, 2002	<u>11,284,295</u>	<u>11,284,295</u>	<u>11,904,771</u>	<u>620,476</u>
Fund balances, June 30, 2003	<u>\$ 5,002,703</u>	<u>\$ 5,002,703</u>	<u>\$ 12,456,038</u>	<u>\$ 7,453,335</u>

**CITY OF GOODYEAR, ARIZONA
NOTE TO REQUIRED
SUPPLEMENTARY INFORMATION
JUNE 30, 2003**

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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**OTHER MAJOR GOVERNMENTAL FUNDS
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - COMMUNITY FACILITIES DISTRICTS - DEBT SERVICE
YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Taxes	\$ 1,351,054	\$ 1,296,194	\$ (54,860)
Miscellaneous	763,570	393,647	(369,923)
Investment income	57,760	62,329	4,569
Special assessments	2,560,299	1,654,637	(905,662)
Total revenues	<u>4,732,683</u>	<u>3,406,807</u>	<u>(1,325,876)</u>
Expenditures:			
Debt service -			
Principal retirement	1,005,800	1,181,100	(175,300)
Interest and fiscal charges	3,745,536	2,457,531	1,288,005
Total expenditures	<u>4,751,336</u>	<u>3,638,631</u>	<u>1,112,705</u>
Change in fund balances	<u>(18,653)</u>	<u>(231,824)</u>	<u>(213,171)</u>
Fund balances, July 1, 2002	4,096,549	3,258,879	(837,670)
Fund balances, June 30, 2003	<u>\$ 4,077,896</u>	<u>\$ 3,027,055</u>	<u>\$ (1,050,841)</u>

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL IMPROVEMENT PROJECTS
YEAR ENDED JUNE 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 215,667	\$ 15,667
Miscellaneous	2,000,000	2,000,000	2,519,126	519,126
Investment income	186,000	186,000	239,589	53,589
Total revenues	<u>2,386,000</u>	<u>2,386,000</u>	<u>2,974,382</u>	<u>588,382</u>
Expenditures:				
Capital outlay	67,339,783	25,015,389	8,743,343	16,272,046
Debt service -				
Bond issuance costs			157,927	(157,927)
Total expenditures	<u>67,339,783</u>	<u>25,015,389</u>	<u>8,901,270</u>	<u>16,114,119</u>
Excess (deficiency) of revenues over expenditures	<u>(64,953,783)</u>	<u>(22,629,389)</u>	<u>(5,926,888)</u>	<u>16,702,501</u>
Other financing sources (uses):				
Proceeds from the sale of bonds	56,000,000	16,000,000	11,060,000	(4,940,000)
Premium on general obligation bonds			97,927	97,927
Transfers in	4,221,544		4,476,862	4,476,862
Transfers out	(2,550,544)			
Total other financing sources (uses)	<u>57,671,000</u>	<u>16,000,000</u>	<u>15,634,789</u>	<u>(365,211)</u>
Change in fund balances	<u>(7,282,783)</u>	<u>(6,629,389)</u>	<u>9,707,901</u>	<u>16,337,290</u>
Fund balances, July 1, 2002	5,700,880	3,541,090	3,541,090	
Fund balances (deficits), June 30, 2003	<u>\$ (1,581,903)</u>	<u>\$ (3,088,299)</u>	<u>\$ 13,248,991</u>	<u>\$ 16,337,290</u>

CITY OF GOODYEAR, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - COMMUNITY FACILITIES DISTRICTS - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Miscellaneous	\$ 1,113,652	\$ 480,877	\$ (632,775)
Investment income	166,600	65,586	(101,014)
Total revenues	<u>1,280,252</u>	<u>546,463</u>	<u>(733,789)</u>
Expenditures:			
Capital outlay	33,752,515	2,029,620	31,722,895
Debt service -			
Bond issuance costs		94,050	(94,050)
Total expenditures	<u>33,752,515</u>	<u>2,123,670</u>	<u>31,628,845</u>
Excess (deficiency) of revenues over expenditures	<u>(32,472,263)</u>	<u>(1,577,207)</u>	<u>30,895,056</u>
Other financing sources (uses):			
Proceeds from the sale of bonds	18,015,000	4,950,000	(13,065,000)
Total other financing sources (uses)	<u>18,015,000</u>	<u>4,950,000</u>	<u>(13,065,000)</u>
Change in fund balances	<u>(14,457,263)</u>	<u>3,372,793</u>	<u>17,830,056</u>
Fund balances, July 1, 2002	15,381,618	15,381,618	
Fund balances, June 30, 2003	<u>\$ 924,355</u>	<u>\$ 18,754,411</u>	<u>\$ 17,830,056</u>

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF GOODYEAR, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2003

	Special Revenue	Debt Service	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 7,407,972	\$ 17,000	\$ 7,424,972
Restricted assets		2,566,926	2,566,926
Taxes receivable	5,343	48,569	53,912
Interest receivable	5,345		5,345
Accounts receivable	43,997		43,997
Due from governmental entities	107,155		107,155
Due from other funds	1,399,337	642,996	2,042,333
Inventories	29,589		29,589
Total assets	\$ 8,998,738	\$ 3,275,491	\$ 12,274,229
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 397,295	\$ 24,307	\$ 421,602
Accrued payroll and employee benefits	12,659		12,659
Interest payable		779,366	779,366
Deposits held for others	5,000		5,000
Due to other funds	3,825,671	595,096	4,420,767
Deferred revenue	5,144	31,722	36,866
Development fees payable	139,832		139,832
Loan payable		375,000	375,000
Revenue bonds payable		130,000	130,000
Bonds payable		1,340,000	1,340,000
Total liabilities	4,385,601	3,275,491	7,661,092
Fund balances:			
Reserved for inventory	29,589		29,589
Unreserved:			
Undesignated	4,583,548		4,583,548
Total fund balances	4,613,137		4,613,137
Total liabilities and fund balances	\$ 8,998,738	\$ 3,275,491	\$ 12,274,229

CITY OF GOODYEAR, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2003

	Special Revenue	Debt Service	Total Non-Major Governmental Funds
Revenues:			
Taxes	\$ 303,412	\$ 1,622,713	\$ 1,926,125
Intergovernmental	1,351,013		1,351,013
Charges for services	3,934,378		3,934,378
Miscellaneous	252,048		252,048
Investment income	51,985	512	52,497
Total revenues	<u>5,892,836</u>	<u>1,623,225</u>	<u>7,516,061</u>
Expenditures:			
Current -			
General government	287,137		287,137
Public safety	44,310		44,310
Highways and streets	2,817,472		2,817,472
Capital outlay	676,448		676,448
Debt service -			
Bond issuance costs		41,780	41,780
Principal retirement		1,845,000	1,845,000
Interest and fiscal charges		1,443,851	1,443,851
Total expenditures	<u>3,825,367</u>	<u>3,330,631</u>	<u>7,155,998</u>
Excess (deficiency) of revenues over expenditures	<u>2,067,469</u>	<u>(1,707,406)</u>	<u>360,063</u>
Other financing sources (uses):			
Refunding bonds issued		2,300,000	2,300,000
Premium on refunding bonds		174,435	174,435
Transfers in	1,299,660	1,665,626	2,965,286
Payment to refunded bond escrow agent		(2,432,655)	(2,432,655)
Transfers out	(2,527,224)		(2,527,224)
Total other financing sources (uses)	<u>(1,227,564)</u>	<u>1,707,406</u>	<u>479,842</u>
Change in fund balances	<u>839,905</u>		<u>839,905</u>
Fund balances, beginning of year, as restated	<u>3,773,232</u>		<u>3,773,232</u>
Fund balances, end of year	<u>\$ 4,613,137</u>	<u>\$</u>	<u>\$ 4,613,137</u>

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NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for proceeds of specific revenues sources that are legally restricted to expenditures for specific purposes (other than major capital projects). The funds are usually required by statute, ordinance, or federal grant regulation to finance specified activities of the City. The City maintains the following Special Revenue funds.

Highway User Revenue Fund (HURF) – accounts for the City’s share of state taxes on gasoline, diesel fuels and other transportation related fees to be used solely for street and highway purposes. Eligible expenditures include the cost of right-of-way acquisition, construction, reconstruction, maintenance, repair, roadside development of city roads, streets and bridges and the payment of the interest and principal on highway and street bonds.

Grants Fund – accounts for Federal and State grants received by the City not required to be accounted for in a separate fund. Each grant has a specific project objective and the grant funds must be used for the stated purpose.

Community Facilities Districts –the City’s Community Facilities Districts which are component units that provide general infrastructure and fixed assets for the property within each District’s Boundaries.

Community Facilities Impact Fees – accounts for fees collected to help defray the costs of development for the community facilities.

General Government Impact Fees – accounts for fees collected to help defray the costs of development of general government.

Public Works Impact Fees – accounts for fees collected to help defray the costs of development of public works.

Fire Impact Fees – accounts for fees collected to help defray the costs of development for the fire department.

Police Impact Fees – accounts for fees collected to help defray the costs of development for the police department.

Transportation Impact Fees – accounts for fees collected to help defray the costs of development for transportation.

Library Impact Fees – accounts for fees collected to help defray the costs of development for libraries.

CITY OF GOODYEAR, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2003

	Highway User Revenue	Grants	Community Facilities Districts	Community Facilities Impact Fees
<u>ASSETS</u>				
Cash and investments	\$	\$ 31,196	\$ 871,264	\$ 1,330,758
Taxes receivable			5,343	
Interest receivable	393		2,085	253
Accounts receivable			43,997	
Due from governmental entities	107,155			
Due from other funds	1,399,337			
Inventories	29,589			
Total assets	\$ 1,536,474	\$ 31,196	\$ 922,689	\$ 1,331,011
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 56,059	\$	\$ 221,199	\$
Accrued payroll and employee benefits	12,659			
Deposits held for others			5,000	
Due to other funds	1,298,335			102,949
Deferred revenue			5,144	
Development fees payable	139,832			
Total liabilities	1,506,885		231,343	102,949
Fund balances:				
Reserved for inventory	29,589			
Unreserved:				
Undesignated		31,196	691,346	1,228,062
Total fund balances	29,589	31,196	691,346	1,228,062
Total liabilities and fund balances	\$ 1,536,474	\$ 31,196	\$ 922,689	\$ 1,331,011

General Government Impact Fees	Public Works Impact Fees	Fire Impact Fees	Police Impact Fees	Transportation Impact Fees	Library Impact Fees
\$ 311,231	\$ 1,087,312	\$ 1,923,791	\$ 984,425	\$ 608,628	\$ 259,367
	848	427	834	505	
<u>\$ 311,231</u>	<u>\$ 1,088,160</u>	<u>\$ 1,924,218</u>	<u>\$ 985,259</u>	<u>\$ 609,133</u>	<u>\$ 259,367</u>
\$ 22,374	\$	\$	\$ 60,735	\$ 36,928	\$
112		1,642,149	774,451	7,675	
<u>22,486</u>		<u>1,642,149</u>	<u>835,186</u>	<u>44,603</u>	
288,745	1,088,160	282,069	150,073	564,530	259,367
288,745	1,088,160	282,069	150,073	564,530	259,367
<u>\$ 311,231</u>	<u>\$ 1,088,160</u>	<u>\$ 1,924,218</u>	<u>\$ 985,259</u>	<u>\$ 609,133</u>	<u>\$ 259,367</u>

(Continued)

CITY OF GOODYEAR, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2003
(Concluded)

	<u>Totals</u>
<u>ASSETS</u>	
Cash and investments	\$ 7,407,972
Taxes receivable	5,343
Interest receivable	5,345
Accounts receivable	43,997
Due from governmental entities	107,155
Due from other funds	1,399,337
Inventories	29,589
Total assets	<u>\$ 8,998,738</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 397,295
Accrued payroll and employee benefits	12,659
Deposits held for others	5,000
Due to other funds	3,825,671
Deferred revenue	5,144
Development fees payable	139,832
Total liabilities	<u>4,385,601</u>
Fund balances:	
Reserved for inventory	29,589
Unreserved:	
Undesignated	4,583,548
Total fund balances	<u>4,613,137</u>
Total liabilities and fund balances	<u>\$ 8,998,738</u>

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CITY OF GOODYEAR, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2003

	Highway User Revenue	Grants	Community Facilities Districts
Revenues:			
Taxes	\$	\$	\$ 303,412
Intergovernmental	1,351,013		
Charges for services			
Miscellaneous	196,721		54,745
Investment income			8,130
Total revenues	<u>1,547,734</u>		<u>366,287</u>
Expenditures:			
Current -			
General government			282,628
Public safety		44,310	
Highways and streets	2,817,472		
Capital outlay	29,922		
Total expenditures	<u>2,847,394</u>	<u>44,310</u>	<u>282,628</u>
Excess (deficiency) of revenues over expenditures	<u>(1,299,660)</u>	<u>(44,310)</u>	<u>83,659</u>
Other financing sources (uses):			
Transfers in	1,299,660		
Transfers out			
Total other financing sources (uses)	<u>1,299,660</u>		
Change in fund balances		<u>(44,310)</u>	<u>83,659</u>
Fund balances, beginning of year	29,589	75,506	607,687
Fund balances, end of year	<u>\$ 29,589</u>	<u>\$ 31,196</u>	<u>\$ 691,346</u>

<u>Community Facilities Impact Fees</u>	<u>General Government Impact Fees</u>	<u>Public Works Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Police Impact Fees</u>	<u>Transportation Impact Fees</u>
\$	\$	\$	\$	\$	\$
1,104,364	500,762	488,821	586,929	447,151	546,984
421					161
2,982		10,018	15,649	9,314	5,892
<u>1,107,767</u>	<u>500,762</u>	<u>498,839</u>	<u>602,578</u>	<u>456,465</u>	<u>553,037</u>
169				4,340	
16,620	212,017			100,175	317,714
<u>16,789</u>	<u>212,017</u>			<u>104,515</u>	<u>317,714</u>
1,090,978	288,745	498,839	602,578	351,950	235,323
(102,949)			(1,642,149)	(774,451)	(7,675)
<u>(102,949)</u>			<u>(1,642,149)</u>	<u>(774,451)</u>	<u>(7,675)</u>
988,029	288,745	498,839	(1,039,571)	(422,501)	227,648
240,033		589,321	1,321,640	572,574	336,882
<u>\$ 1,228,062</u>	<u>\$ 288,745</u>	<u>\$ 1,088,160</u>	<u>\$ 282,069</u>	<u>\$ 150,073</u>	<u>\$ 564,530</u>

(Continued)

CITY OF GOODYEAR, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2003
(Concluded)

	Library Impact Fees	Totals
Revenues:		
Taxes	\$	\$ 303,412
Intergovernmental		1,351,013
Charges for services	259,367	3,934,378
Miscellaneous		252,048
Investment income		51,985
Total revenues	<u>259,367</u>	<u>5,892,836</u>
Expenditures:		
Current -		
General government		287,137
Public safety		44,310
Highways and streets		2,817,472
Capital outlay		676,448
Total expenditures		<u>3,825,367</u>
Excess (deficiency) of revenues over expenditures	<u>259,367</u>	<u>2,067,469</u>
Other financing sources (uses):		
Transfers in		1,299,660
Transfers out		(2,527,224)
Total other financing sources (uses)		<u>(1,227,564)</u>
Change in fund balances	<u>259,367</u>	<u>839,905</u>
Fund balances, beginning of year		3,773,232
Fund balances, end of year	<u>\$ 259,367</u>	<u>\$ 4,613,137</u>

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CITY OF GOODYEAR, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2003

	Highway User Revenue		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	1,350,568	1,351,013	445
Charges for services			
Miscellaneous		196,721	196,721
Investment income			
Total revenues	<u>1,350,568</u>	<u>1,547,734</u>	<u>197,166</u>
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets	3,044,104	2,817,472	226,632
Capital outlay	258,034	29,922	228,112
Total expenditures	<u>3,302,138</u>	<u>2,847,394</u>	<u>454,744</u>
Excess (deficiency) of revenues over expenditures	<u>(1,951,570)</u>	<u>(1,299,660)</u>	<u>651,910</u>
Other financing sources (uses):			
Transfers in	1,851,566	1,299,660	(551,906)
Transfers out			
Total other financing sources (uses)	<u>1,851,566</u>	<u>1,299,660</u>	<u>(551,906)</u>
Change in fund balances	<u>(100,004)</u>		<u>100,004</u>
Fund balances, July 1, 2002		29,589	29,589
Fund balances (deficits), June 30, 2003	<u>\$ (100,004)</u>	<u>\$ 29,589</u>	<u>\$ 129,593</u>

*The Grants Fund was included in the City's budget, however, the budget was -0-.

CITY OF GOODYEAR, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2003
(Continued)

	Community Facilities Impact Fees		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services	85,400	1,104,364	1,018,964
Miscellaneous		421	421
Investment income		2,982	2,982
Total revenues	<u>85,400</u>	<u>1,107,767</u>	<u>1,022,367</u>
Expenditures:			
Current -			
General government		169	(169)
Public safety			
Highways and streets			
Capital outlay	320,731	16,620	304,111
Total expenditures	<u>320,731</u>	<u>16,789</u>	<u>303,942</u>
Excess (deficiency) of revenues over expenditures	<u>(235,331)</u>	<u>1,090,978</u>	<u>1,326,309</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(102,949)	(102,949)
Total other financing sources (uses)		<u>(102,949)</u>	<u>(102,949)</u>
Change in fund balances	<u>(235,331)</u>	<u>988,029</u>	<u>1,223,360</u>
Fund balances, July 1, 2002	240,033	240,033	
Fund balances (deficits), June 30, 2003	<u>\$ 4,702</u>	<u>\$ 1,228,062</u>	<u>\$ 1,223,360</u>

General Government Impact Fees		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
199,000	500,762	301,762
<u>199,000</u>	<u>500,762</u>	<u>301,762</u>
369,847	212,017	157,830
<u>369,847</u>	<u>212,017</u>	<u>157,830</u>
(170,847)	288,745	459,592
<u>(170,847)</u>	<u>288,745</u>	<u>459,592</u>
<u>\$ (170,847)</u>	<u>\$ 288,745</u>	<u>\$ 459,592</u>

Public Works Impact Fees		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
266,000	488,821	222,821
<u>266,000</u>	<u>488,821</u>	<u>222,821</u>
	10,018	10,018
<u>762,892</u>	<u>498,839</u>	<u>232,839</u>
762,892		762,892
<u>762,892</u>	<u></u>	<u>762,892</u>
(496,892)	498,839	995,731
<u>(496,892)</u>	<u>498,839</u>	<u>995,731</u>
589,321	589,321	
<u>\$ 92,429</u>	<u>\$ 1,088,160</u>	<u>\$ 995,731</u>

(Continued)

CITY OF GOODYEAR, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2003
(Continued)

	Fire Impact Fees		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services	472,300	586,929	114,629
Miscellaneous			
Investment income		15,649	15,649
Total revenues	<u>472,300</u>	<u>602,578</u>	<u>130,278</u>
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>472,300</u>	<u>602,578</u>	<u>130,278</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(1,642,149)	(1,642,149)
Total other financing sources (uses)		<u>(1,642,149)</u>	<u>(1,642,149)</u>
Change in fund balances	<u>472,300</u>	<u>(1,039,571)</u>	<u>(1,511,871)</u>
Fund balances, July 1, 2002	1,321,640	1,321,640	
Fund balances (deficits), June 30, 2003	<u>\$ 1,793,940</u>	<u>\$ 282,069</u>	<u>\$ (1,511,871)</u>

Police Impact Fees		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
322,300	447,151	124,851
	9,314	9,314
322,300	456,465	134,165
22,000	4,340	17,660
263,801	100,175	163,626
285,801	104,515	181,286
36,499	351,950	315,451
	(774,451)	(774,451)
	(774,451)	(774,451)
36,499	(422,501)	(459,000)
572,574	572,574	
\$ 609,073	\$ 150,073	\$ (459,000)

Transportation Impact Fees		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
236,900	546,984	310,084
	161	161
	5,892	5,892
236,900	553,037	316,137
580,921	317,714	263,207
580,921	317,714	263,207
(344,021)	235,323	579,344
	(7,675)	(7,675)
	(7,675)	(7,675)
(344,021)	227,648	571,669
336,882	336,882	
\$ (7,139)	\$ 564,530	\$ 571,669

(Continued)

CITY OF GOODYEAR, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2003
(Concluded)

	Library Impact Fees		
	Budget*	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Charges for services		259,367	259,367
Miscellaneous			
Investment income			
Total revenues		259,367	259,367
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		259,367	259,367
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Change in fund balances		259,367	259,367
Fund balances, July 1, 2002			
Fund balances (deficits), June 30, 2003	\$	\$ 259,367	\$ 259,367

*The Library Impact Fees Fund was included in the City's budget, however, the budget was -0-.

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 317,715	\$ 303,412	\$ (14,303)
1,350,568	1,351,013	445
1,581,900	3,934,378	2,352,478
208,119	252,048	43,929
18,800	51,985	33,185
3,477,102	5,892,836	2,415,734
1,430,732	287,137	1,143,595
	44,310	(44,310)
3,044,104	2,817,472	226,632
1,793,334	676,448	1,116,886
6,268,170	3,825,367	2,442,803
(2,791,068)	2,067,469	4,858,537
1,851,566	1,299,660	(551,906)
	(2,527,224)	(2,527,224)
1,851,566	(1,227,564)	(3,079,130)
(939,502)	839,905	1,779,407
3,668,137	3,773,232	105,095
\$ 2,728,635	\$ 4,613,137	\$ 1,884,502

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NON-MAJOR DEBT SERVICE FUND

Debt Service Fund - accounts for the accumulation of resources and payment of general obligation bond principal and interest from government resources.

CITY OF GOODYEAR, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - NON-MAJOR DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2003

	Debt Service		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$ 1,678,864	\$ 1,622,713	\$ (56,151)
Investment income		512	512
Total revenues	<u>1,678,864</u>	<u>1,623,225</u>	<u>(55,639)</u>
Expenditures:			
Debt service -			
Bond issuance costs		41,780	(41,780)
Principal retirement	2,302,742	1,845,000	457,742
Interest and fiscal charges	2,002,164	1,443,851	558,313
Total expenditures	<u>4,304,906</u>	<u>3,330,631</u>	<u>974,275</u>
Excess (deficiency) of revenues over expenditures	<u>(2,626,042)</u>	<u>(1,707,406)</u>	<u>918,636</u>
Other financing sources (uses):			
Refunding bonds issued		2,300,000	2,300,000
Premium on refunding bonds		174,435	174,435
Transfers in	618,842	1,665,626	1,046,784
Payment to refunded bond escrow agent		(2,432,655)	(2,432,655)
Total other financing sources (uses)	<u>618,842</u>	<u>1,707,406</u>	<u>1,088,564</u>
Change in fund balances	<u>(2,007,200)</u>		<u>2,007,200</u>
Fund balances, July 1, 2002			
Fund balances (deficits), June 30, 2003	<u>\$ (2,007,200)</u>	<u>\$</u>	<u>\$ 2,007,200</u>

STATISTICAL SECTION

CITY OF GOODYEAR, ARIZONA
GOVERNMENT-WIDE EXPENSES BY FUNCTION ¹
YEAR ENDED JUNE 30, 2003*
(UNAUDITED)

Fiscal Year	General Government(a)	%	Public Safety	%	Public Works & Highways and Streets	%	Culture and Recreation	%	Interest on Long-Term Debt	%	Total Government-wide Expenses
2003	\$ 11,683,171	29.35%	\$ 12,198,244	30.65%	\$ 9,842,863	24.73%	\$ 1,925,726	4.84%	\$ 4,153,359	10.43%	\$ 39,803,363

Schedule includes General, Special Revenue, Debt Service, and Capital Projects Funds

¹Source: City records

* Implementation of GASB 34 was in fiscal year 2003. As a result, prior year data is not available.

(a) Includes Community Development

CITY OF GOODYEAR, ARIZONA
GOVERNMENT-WIDE REVENUES ¹
YEAR ENDED JUNE 30, 2003*
(UNAUDITED)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	State Shared	Investment Income (loss)	Miscellaneous	Total
2003	\$ 11,223,001	\$ 397,092	\$ 9,475,823	\$ 21,111,029	\$ 5,587,983	\$ (499,021)	\$ 233,858	\$ 47,529,765

Schedule includes General, Special Revenue, Debt Service, and Capital Projects Funds

¹Source: City records

* Implementation of GASB 34 was in fiscal year 2003. As a result, prior year data is not available.

CITY OF GOODYEAR, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS¹
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Total Property Tax Revenues
1994	\$ 923,509	\$ 850,497	92.09%	\$ *	\$ 850,497	92.09%	\$ 850,497
1995	883,460	861,816	97.55%	*	861,816	97.55%	861,816
1996	1,061,068	1,051,239	99.07%	*	1,051,239	99.07%	1,051,239
1997	1,173,156	1,168,884	99.64%	*	1,168,884	99.64%	1,168,884
1998	1,418,131	1,414,046	99.71%	*	1,414,046	99.71%	1,414,046
1999	1,682,349	1,663,764	98.90%	*	1,663,764	98.90%	1,663,764
2000	1,977,135	1,967,017	99.49%	277	1,967,294	99.50%	1,967,294
2001	2,541,008	2,484,965	97.79%	2,469	2,487,434	97.89%	2,487,434
2002	3,204,131	3,102,195	96.82%	51,203	3,153,398	98.42%	3,153,398
2003	4,287,085	4,112,585	95.93%	**	4,112,585	95.93%	4,112,585

Schedule includes General and Debt Service Funds

¹Source: City records

CITY OF GOODYEAR, ARIZONA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY¹
LAST TEN FISCAL YEARS
(UNAUDITED)

Assessment Year		Assessed Value		Estimated Actual Value	Percent of Assessed Value to Estimated Actual Value
1994	\$	N/A	\$	N/A	N/A
1995		46,525,718		330,526,121	14.08%
1996		53,323,611		386,104,649	13.81%
1997		57,976,454		418,994,590	13.84%
1998		72,104,817		547,923,202	13.16%
1999		88,767,663		666,631,042	13.32%
2000		103,618,251		785,915,672	13.18%
2001		136,713,813		1,046,255,320	13.07%
2002		174,404,952		1,412,131,409	12.35%
2003		222,388,265		1,807,280,114	12.31%

¹Source: Maricopa County Assessor's Office

CITY OF GOODYEAR, ARIZONA
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS¹
LAST TEN FISCAL YEARS
(RATE IS PER \$100 OF ASSESSED VALUATION)
(UNAUDITED)

Fiscal Year	City of Goodyear Primary	City of Goodyear Secondary	City of Goodyear Total	Maricopa County Primary	Library District Secondary	Fire District Assistance Tax Secondary	Flood Control Secondary	School Equalization Primary	Community College Primary	Central Arizona Project Secondary
1994	1.16590	0.97450	2.14040	1.5848	0.0417	0.0104	0.3632	*	0.8532	0.1400
1995	1.10000	1.00000	2.10000	1.7694	0.0417	0.0107	0.3632	*	0.8934	0.1400
1996	0.20290	1.89160	2.09450	1.6880	0.0099	0.0108	0.3332	*	0.9455	0.1400
1997	0.40490	1.72120	2.12610	1.6354	0.0421	0.0109	0.3425	*	0.9772	0.1400
1998	1.00440	1.10470	2.10910	1.1265	0.0421	0.0105	0.3425	0.5300	0.9747	0.1400
1999	1.29760	0.79190	0.45650	1.1472	0.0421	0.0103	0.3270	0.5300	0.9866	0.1400
2000	1.07990	1.01680	2.09670	1.1884	0.0421	0.0100	0.2858	0.5217	0.9741	0.1400
2001	1.34030	0.74130	2.08160	1.1641	0.0421	0.0096	0.2534	0.5123	0.9691	0.1300
2002	1.36740	0.57820	1.94560	1.1832	0.0421	0.0091	0.2319	0.4974	0.9583	0.1300
2003	1.28660	0.75490	2.04150	1.2108	0.0421	0.0091	0.2119	0.4889	0.9634	0.1300

¹ Source: Maricopa County Assessor's Office

* Information is not available.

CITY OF GOODYEAR, ARIZONA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Population²	Assessed Value³	Gross Bonded Debt¹	Less: Debt Service Fund¹	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1994	6,258	\$ *	\$ *	\$ *	\$ *	*	*
1995	9,250	46,525,718	*	*	*	*	*
1996	9,250	53,323,611	*	*	*	*	*
1997	9,250	57,976,454	*	*	*	*	*
1998	9,250	72,104,817	*	*	*	*	*
1999	9,250	88,767,663	*	*	*	*	*
2000	18,911	103,618,251	*	*	*	*	*
2001	22,820	136,713,813	*	*	*	*	*
2002	22,820	174,404,952	11,210,000	4,096,549	7,113,451	4.08%	312
2003	22,820	222,388,265	22,270,000		22,270,000	10.01%	976

¹Source: City records (Does not include Enterprise or Special Assessment bonds)

²Source: Arizona Department of Commerce

³Source: Maricopa County Assessor's Office

* Information is not available.

CITY OF GOODYEAR, ARIZONA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003
(UNAUDITED)

The computation of the Town's legal debt margins as of June 30, 2003 is as follows:

<u>Assessed valuations²:</u>	<u>Secondary**</u>	<u>Primary*</u>
City of Goodyear	\$ 201,917,064	\$ 222,388,265
Legal debt margin:		
Debt limitation - 20 percent of assessed value	<u>40,383,413</u>	
Debt limitation - 6 percent of assessed value		<u>13,343,296</u>
Amount of debt outstanding ¹ :		
Total bonded debt	\$ 74,393,000	\$ 74,393,000
Total	<u>74,393,000</u>	<u>74,393,000</u>
Less:		
General obligation bonds		(22,270,000)
Municipal facilities revenue bonds	(4,050,000)	
Water revenue bonds	(2,985,000)	(2,985,000)
Community facilities districts bonds	<u>(45,088,000)</u>	<u>(45,088,000)</u>
Total debt applicable to limitation	<u>22,270,000</u>	<u>4,050,000</u>
Legal debt margin	<u>\$ 18,113,413</u>	<u>\$ 9,293,296</u>

¹Source: City records

²Source: Maricopa County Assessor's Office

* Under Arizona law, cities can issue general obligation bonds for general municipal purposes up to an amount not exceeding 6% of assessed valuation

** Under Arizona law, cities can issue additional general obligation bonds for supplying specific services as water, sewer, lighting, parks, and recreational facilities up to an amount not exceeding 20% of assessed valuation.

CITY OF GOODYEAR, ARIZONA
PRINCIPAL TAXPAYERS
JUNE 30, 2003
(UNAUDITED)

Taxpayer ¹	Type of Business	Assessed Valuation of Property ²	Percentage of Total Assessed Valuation
SunCor Development	Commercial Building	\$ 14,143,894	6.36%
Rubbermaid Inc.	Industrial Park	8,339,560	3.75%
Arizona Public Service	Gas & Electric Utility	7,739,112	3.48%
Sunchase Estrella LP	Vacant Land	6,560,454	2.95%
McLane Company	Warehouse/Truck Terminal	4,492,243	2.02%
First American Title	Vacant Land	3,580,451	1.61%
Qwest Communications	Telephone Utility	2,646,420	1.19%
Dayton Hudson	Department Store	2,246,121	1.01%
Byrd Enterprises	Motel	2,068,211	0.93%
Southwest Gas Corporation	Gas Utility	<u>1,801,345</u>	<u>0.81%</u>
Total		\$ <u><u>53,617,811</u></u>	<u><u>24.11%</u></u>

¹ Source: Arizona Department of Revenue

² Source: Maricopa County Assessor's Office

CITY OF GOODYEAR, ARIZONA
MAJOR EMPLOYERS¹
JUNE 30, 2003
(UNAUDITED)

Major Corporations	Approximate Number of Employees *	Type of Company
Arizona State Prison/Perryville	825	Correctional Facility
McLane Sunwest	450	Grocery Wholesaler
Cavco Industries, Inc.	400	Modular Homes
Newell Rubbermaid, Inc.	250	Manufacturing Plastic Consumer Products
Fry's Food and Drug Store	225	Grocery Store
Aviation Management Systems	220	Aircraft Maintenance, Modification and Repair
City of Goodyear	200	Government
Target	175	Department Store
Lufthansa-German Airlines	170	Training Center
Arizona Galvanizing	150	Commercial Steel Galvanizing

¹Source: Arizona Department of Commerce